

Municipal Building  
Park Ridge, NJ  
April 1, 2010 – 8:00 p.m.

A Special Meeting of the Mayor and Council of the Borough of Park Ridge was called to order at the above time, place and date.

Mayor Ruschman led those attending in the Pledge of Allegiance to the Flag.

**ROLL CALL:**

Present: Councilmembers Hopper, Maughan, Maguire, Viola,  
Council President Kane, and Mayor Ruschman

Absent: None

Also Present: Robert Mancinelli, Esq., Borough Attorney  
Helene Fall, Borough Administrator  
Colleen Ennis, CFO  
Kelley O'Donnell, Borough Clerk

**Mayor Ruschman read the Compliance Statement as required by Open Public Meetings Act, P.L. 1975, Chapter 231.**

**Mayor Ruschman** said, to those in the audience, that he would like to carry out the meeting the way the Council generally does; as far as a work session, so that everyone present could hear everything that is being said.

**Mayor Ruschman** explained the work session would cover two areas, financial and personnel after which the meeting will be opened up to the audience for any questions or comments. He asked that anyone wishing to address the council to come up to the microphone, identify themselves and give their address.

He said the entire council takes responsibility for where we are now and that they probably did some things in the past that might not have helped in keeping the borough away from where they are now. He said they also have some very big inputs from the outside from the state, from pension funds and various areas that are impacting heavily on the budget.

**The Mayor** said he also wanted everyone to know, and said he was speaking on the entire governing body's behalf, that they are fighting to keep from having to do any layoffs and that is their #1 priority. He said the council needed to take a look at every area we can and need your help in every area that we can get it, because we are all concerned about anything that impacts on personnel. The Mayor repeated that he was serious about it and that the governing body was also. He said it was the first time we have ever had a "crisis" like this in Park Ridge that he could recall and he has been around for 47 years.

**The Mayor** stressed that this was something we all had to pull together on, fight back and get the job done so that nobody experiences any sort of a layoff and we keep the taxes to a minimum also they will be at a maximum this year.

**Mayor Ruschman** then turned the meeting over to the financial side and go over some information that you may or may not have heard already and the over to the personnel group.

**Councilman Maughan** thanked everyone for attending this meeting at which the council will be discussing the introduction of the budget on April 13<sup>th</sup>.

As you are aware, he said, the Municipal budget is separate and distinct from the school budget although both are funded by the same source, the tax payer. He said the school board had separately introduced their budget and it will be voted on by the taxpayers on April 20<sup>th</sup>. The Municipal budget, which he will be talking about tonight, will be formally introduced to the public on Tuesday, April 13<sup>th</sup>.

He said the preliminary Municipal budget calls for an approximate 11.8 million dollar tax levy in 2010 of which 8.7 will be raised in taxes. The Municipal budget represents an approximate 1.1 million tax increase over last year's adopted municipal budget and it also represents the \$1.1 million dollar shortfall that we have in trying to balance our budget this year, he explained. It should be noted, he said, that the 1.1 million dollar shortfall is after realizing \$500,000 in annual savings beginning this year for actions taken last year.

**Councilman Maughan** said if these savings were not accomplished the budget increase would be approximately 1.6 million dollars and Rice notices, unfortunately, to many other employees.

The shortfall, he explained, is primarily a revenue problem since the borough realized \$900,000 in reduced revenues and lower municipal surplus uses that would be available to the budget for plugging these holes. Specifically, he said, the borough has \$500,000 less in municipal surplus funds to be used in 2010 and \$100,000 less in each of the following revenue sources, interest income, hotel tax revenues, commercial and state aid availability and expenses have increased approximately \$200,000 over 2009's level.

The State of New Jersey requires municipalities to balance their budget each year, he explained, and in addition, in 2010 the State imposed a 4% cap on the amount of tax increase the borough can pass along to its residents. This ruling effectively limits the municipality to raising taxes to the residents from the municipal side by \$340,000 this year and after passing this increase along to our tax payers, we will still have a Municipal budget shortfall of approximately \$750,000. As a result, this shortfall needs to be covered somehow through additional revenues, if we can find them and/or a combination of expense reductions.\

The introductions of tonight's budget discussion is the culmination of month of work by the borough administrator, the CFO, the Finance Committee of the Mayor and Council and various department heads. So far we started this process in December by compiling individual budget requests from each department, which went through an extensive review process during January and February. In March the budget was delivered to the Finance Committee of the Council, which included himself, Terry Maguire, Helene Fall and Colleen Ennis as well as our Municipal Auditor, Jeff Bliss.

On March 15<sup>th</sup> the preliminary budget was discussed with the full Mayor and Council and discussed on a very high level, he said, and everybody is aware of the 1.1 million dollar shortfall at this particular point. In addition, he went on, with the Mayor and Council approval the budget shortfalls was discussed with other key constituencies within the borough, department heads, many of the employees who are here tonight, Utility Board, Library Board and the Board of Education. He stated that the council's intent was to communicate, communicate, communicate so that everyone realizes the seriousness of the situation and its potential repercussions to all of us.

We requested that each of these individual constituencies cooperatively work with us in solving this shortfall problem we have. We will be meeting with tax payers over the next three weeks to brief them on the budget and seek their input and solutions to the process. Once the budget is introduced on April 13 and the Mayor and Council approves it, it will be sent down to Trenton for state review and approval. Included in our budget being sent to Trenton will be a request for a cap waiver, he stated, to allow us to increase municipal taxes by 6% or 2 percentage points over the Cap rate. This increase will generate a tax increase of approximately \$500,000 for borough residents and will be used as part of the solution to fund the 1.1 million dollar shortfall.

We are also going to request another waiver from Trenton to use over half of our 2011 surplus in order to raise \$150,000 revenue availability to us this year. Our 2011 surplus is money already generated by the borough from its 2009 Budget, by which by statute, cannot be used until 2011. Councilman Maughan said we would be requesting to be allowed to use half of this surplus this year so we can minimize this year's shortfall. He said he wanted to emphasize that the Mayor and Council and the borough's auditor agree that this is not a gimmick that will come back and hurt us sometime in the future. He said he wanted to make it absolutely clear that this is a practical solution to help us this year. Although we may have a \$300,000 surplus due us next year, by taking half of it this year, we will still be leaving the other half for 2011 cushioning the blows that will come down the pike in 2011.

**Councilman Maughan** said if the State approves these two waivers we will have found \$650,000 of savings for revenues to close the 1.1 million dollar budget gap, which leaves \$450,000 more to be raised somehow, some way to close the gap. If the State does not approve the request we will be stuck at a \$350,000 tax increase level and that will mean that we will have a \$750,000 budget gap to close as opposed to a \$450,000 gap.

In either event, he said, we will have to reduce our expenses; it is just a question of how much. This is a problem that we have stressed to all of our constituencies and we need to

find a collaborative solution and implement it by July 1<sup>st</sup>. Time is not an ally in this particular circumstance, he advised, because every day that we wait past July 1<sup>st</sup> to close the budget gap, is going to cost additional employee terminations as a potential solution. We need to keep this in mind, he reminded everyone, in situations like this.

As an overview of the 2010 Budget nearly 70% of the budget relates to wages and benefits, which represents nearly 10 million of the 12 million dollars that we are asking for in this year's budget. 9% of the budget, he said, of 1.1 million dollars is legally obligated to debt service for bonds and this amount is fixed and nothing can be done about that figure. 6% of the budget or another \$750,000 on Social Security and Pension Payments, this amount is semi-fixed and can only be lowered through reduced head count. 5% of the budget or another \$600,000 is legally mandated to fund the library and this amount is fixed and cannot do anything about that figure as long as we have a library in town. 5% of budget, another \$600,000 is needed to dispose of our waste water through charges from the B.C.U.A.; this amount is semi-fixed also and can only be lowered, realistically, through lower sewer volume.

Those items represent 95% of the budget for 2010, he said, and the other 5% of the budget, which is roughly \$600,000 covers everything else, salt for the road, gasoline for the borough vehicles, repair of various borough vehicles as well as buildings in town. Clearly, he said, based on the above we substantially need to reduce expenses and the only available mechanism is to lower labor expenses. Councilman Maughan pointed out some of the savings that have been done but he repeated that year over year basis the borough expenses have been reduced by \$500,000, \$350,000 of that came through insurance changes that have been implemented for this year and \$50,000 of one-time expenses have been eliminated and there has been personnel changeover, primarily on the borough administrator side, which saved another \$70,000. The councilman said these savings were off-set in 2010 by a 4% inflation factor which is included in the budget for wage and other type of expenses. He said we also had large legal bills of approximately \$180,000 for a myriad of issues that were undertaken and solving in 2009 and 2010. In addition to which the borough had to expend some non-bonded equipment that had already been purchased for \$60,000. He said by setting these added expenses against the \$500,000 the borough has been able to limit the expense increase to where it is right now.

The primary reason the borough has lost money centers around lower surplus numbers, he explained, and the reason for the lower surplus is somewhat like a savings account...the savings account for the borough would generally regenerate itself on an annual basis through construction fees and other miscellaneous revenues. Unfortunately, he went on, with the economic conditions that regeneration did not happen in 2010 and as a matter of fact is substantially lower because we have not been able to raise the revenues that we would normally raise. So \$500,000 of that came through as a reduction in the availability the borough has to plug the gap in the budget.

Last year approximately 1.1 million dollars was appropriated to plug the budget gap but this year, he said, the borough is only permitted to raise \$600,000 from the surplus, which is the legal limit allowed. If we did not have the 4% Cap and we tried to plug the hole of the 1.1 million dollars by passing the tax increase along to the taxpayers, that would represent a 12% tax increase to the residents, which is some the council will not sponsor nor would the taxpayers accept.

As a result, he stated, six immediate steps have been proposed which have already begun to be implemented. He said notification has been gotten out to various employees and board constituencies that we have locally in town and have put together a plan of how we are going to approach Trenton to raise our tax Cap as well as to apply for \$150,000 in additional revenue this year.

He said it will take approximately 90 days for these things to come to fruition, the budget must be sent to Trenton on April 15<sup>th</sup> and the process there could possibly go 30 to 45 days, and then come back to the borough. At the same time the borough is tweaking, so is Trenton when they are reviewing and what the borough wants to have in place is our program, however it falls out, by July 1<sup>st</sup>. As I previously explained, he said, each day after July 1<sup>st</sup> that we delay it will cost us more.

We have a freeze on new hiring and a freeze on discretionary expenses and we have limited overtime, he said. One of the things we are not going to do, he stated, is play the blame game. As the Mayor had indicated we probably all share some sort of responsibility on where we are and yes, the borough could probably have gone out and raised taxes over

the last 15 or so years on a more planned approach and the fact is, that was not done but on the other hand the taxpayers could say that the employees could contribute some money by less raises and paying for health costs for example. In any event, he said we are not getting into the blame game at this point and we are where we are and it is what it is. He said we need to collaboratively figure out how we are going to get out of this breach and we will. He said reducing paper clip supply or a paper clip vendor is not the answer, we need to fill a 1.1 million dollar budget gap within the next 90 days and we need to think big...all options are available to us in terms of solving this particular equation, whether it is reduction of expenses, cooperating with other regional providers for services which we need to look at...in any event it comes back to the fact that we are legally required to have a balanced budget each year and we will get there one way or another.

What's the future, he asked? This isn't a one-year solution unfortunately and I would like to say that once we patched up 2010 we wouldn't have this situation again but we'd only be fooling. It took too many years to get to this point, he said, and will take time to get us away from here. The severity depends on the economic recovery, tax appeal settlements and some inflation. We likely will not have a 1.1 million dollar hole in 2011 but we will have a hole and how much we don't know, he said, but estimated it at anywhere from \$300,000 to \$800,000 depending on economic factors and those other factors just mentioned play out in 2011.

Finally, he said, a major constraint next year is the possibility of a 2 ½% tax cap, which is currently under discussion in Trenton. The tax cap this year is 4%, which equates to our being able to raise approximately \$350,000 in additional tax revenues. If we go down to a 2 ½% cap that number will be limited to approximately \$200,000 so right off the bat, if that were to be implemented, we would have \$150,000 less in availability from our taxpaying base.

Additionally, today was the last day for tax appeals and we are going to face approximately 100 additional tax appeals this year versus last year. Last year at this time we had somewhere around 20 tax appeals. This year, given the fact that the economy has tanked, the residential real estate market has been hurt; we have a lot more people coming out of the woodwork appealing their local taxes on the real estate side. In short, it is not going to be easy in the short term; it will probably be a little more difficult.

In summary, he advised, we need to assemble an intelligent plan in the next 90 days within a collaborative framework that works for all of us. In a best case scenario and if we receive state approval, we would likely be able to raise \$500,000 in municipal taxes and would be able to use another \$150,000 in other available funds, which are currently unavailable to us. These two measures will generate \$650,000 to close that gap. We think we can reduce expenses through the CFO's efforts probably about another \$200,000, that leaves a \$250,000 gap and contributions would have to come from employees and this \$250,000 must be realized in cash and between July 1<sup>st</sup> and December 31<sup>st</sup>. If the state does not approve our plan, the total gap would increase by another \$300,000 or \$550,000 and unfortunately most of that would be paid by our employees because they represent 70-75% of our budget expense. Issuing 17 Rice notices was very painful and none of the council wish to add one more person to the unemployment line. There are solutions here, that if we work cooperatively together, we can achieve that goal. We are very serious about it because we are all under the gun and we need viable solutions in a very short period of time. Do not hold back on your creativity or sincerity in getting to that goal, we can't wait until the last minute to come up with the solution, if we do something is going to go miswire and somebody is going to be cut that does not have to be cut. It's a challenge for all of us and we will try to be as sensitive as we can and I want to make sure that everybody understands, in this room, Park Ridge will survive this crisis as the Mayor said and we will grow once again into the future. This is basically an economic timeout to reset the table and get our house in order. There are some fundamental structural changes that we have to undertake due to the economics of what we are dealing with right now and we have the talent as well as the cooperation of the people in this room, employees and taxpayers. This is a blip on the radar screen and not something that is permanent.

I would now like to turn the meeting over to Helene Fall so that you can be updated on personnel matters.

**Helene Fall**, Borough Administrator said that much of what she has to say she has said to those in attendance before and she will repeat it but also provide additional information.

She said 17 were present tonight by invitation and this was because of the budget situation and the need to commit to the N.J. Civil Service Commission a work force reduction plan. She repeated that the gap was about \$250,000, which is the best case scenario right now. The need to fill the gap is absolute, she stated, the State of New Jersey requires a budget that is balanced and therefore the need to submit the plan.

She said over the course of the last several weeks the employees had met with her and the CFO to talk about ways to reduce the budget. She has received input from both individual employees as well as department heads and that all of this has been taken into consideration. Ms. Fall said the borough was required to submit the work force reduction plan and the plan being discussed with the governing body this evening consists of two parts: one is that it involves the layoff of the majority of the 17 people who are included in the plan and the second component is a reduction in hours for the balance of the 17 people in the plan. She said this would be the absolute worst scenario.

It means that there is a very, very good possibility that the plan would not have to be implemented in its totality if everyone comes together and are able to solve the gap of \$250,000 but if we are unable to, then the borough will most certainly be implementing the plan on or about July 1<sup>st</sup>. The plan itself includes the following categories of employees: 10 employees from the white collar area and that includes exempt employees, professional employees and support staff in most of the departments; it impacts 3 blue collar employees as well as 4 uniformed service employees. Again, she repeated, this is the worst case scenario but she explained, she is obligated to prepare a plan for the N.J. Civil Service Commission to review that addresses the worst case scenario.

**Ms. Fall** said her focus and that of the governing body is to continue to provide for the basic level of services that the residents and tax payers of Park Ridge currently have today. She said that services will absolutely be changed here in Park Ridge, that Park Ridge will need to be reinvented because we will not be able to provide the same level of services that are enjoyed today, not with the reduction in staff that will be contemplated if the borough is not able to meet the gap, however, Ms. Fall said she was confident that we would be able to do it.

She said she wanted to explain a little about the process...she will be asking the governing body to authorize the submission of the plan to the NJ Civil Service Commission and the plan will be made available to everyone to review. The Civil Service Commission then has 30 days from when it is submitted to review it and approve it, although she said there would probably be dialogue back and forth and once approved, potentially the layoffs and reduction in work hours would be implemented on or about July 1<sup>st</sup>.

**Ms. Fall** said she intended over the course of the next few months to continue to meet on a regular basis with the union representatives and plans on resolving the issue. She stressed that she would be working really, really hard that come July 1<sup>st</sup> everyone was still here because that is what both she and the Mayor and Council want but it is going to take sacrifices because in going over the budget \$200,000 was reduced and now the other \$200,000 must be reduced and that is what we have all been working on to do with a lot of input from department heads. She said we are not there yet and in addition the \$250,000 gap must be closed.

She said over the next couple of months the answers to this lie within you and while you do not want to hear them, they do involve things like wage freezes, looking at benefits and paying for a portion of your benefits, furloughs and temporary furloughs but the bottom line is that the deductibles have to be sustainable...they just cannot be for 2010 because no one wants to be doing this again next year. She said the next step is that she will be seeking approval from the governing body to submit this "worst case scenario" work force reduction plan. Copies will be made available to you, she repeated and meetings will continue over the course of the next few weeks and months. She also said that as the borough goes through the Civil Service process she would keep everyone involved but she stresses, it is absolutely going to happen if we do not solve this gap. There will be layoff notices issued and there will be reduction in hours notices issued because come July 1<sup>st</sup> the borough must have a balanced budget.

**Mayor Ruschman** said as he stated at the beginning of the meeting, this is actually a work session so many of the things being heard tonight are things the council just received tonight.

**Councilman Viola** asked what would be the consequences of we put this off for six months to see what would happen?

**Ms. Fall** said with respect to the layoff plan, it would just mean more people would have to be laid off because we have to realize \$250,000 in savings and the earliest we can do it is from July 1st to December 31<sup>st</sup>. If we wait any longer more would have to be laid off to accumulate that amount of money in the shorter period of time.

**Councilman Viola** then asked is there no way of squeezing out and balancing the budget?

**Councilman Maughan** said he would like to have Jeff Bliss, the auditor to speak.

**Councilman Viola** responded that he would be willing to delay that question but had another question. He said he understood the borough had a 4% cap and a \$250,000 gap and assuming the borough can exceed the cap, it is an absolute hard ceiling...no wiggle room....because he said, the Council is asking of the taxpayers, the maximum allowed by law.

**Councilman Maughan** said the borough was asking for a 6% rather than the 4% allowed.

**Councilman Viola** said the borough was asking for 50% more than the state allows right now and if the law doesn't allow us to charge the Park Ridge residents 50% more, we would have an additional serious problem?

**Ms. Fall** said the reason the layoff plan involves 17 employees is because the worst case scenario represented in this plan is that the State doesn't approve the additional \$150,000. The layoff plan can direct anywhere up to \$400,000 in cuts from the salary and wage portion, that is why there are so many employees involved. She said we do not know if we go to the State and ask for this waiver, that they are going to grant it.

**Councilman Viola** questioned the 95% of the budget and asked if it was really that high.

**Councilman Maughan** said it was.

**Councilman Viola** then asked if 95% of the budget was pretty much statutory?

**Councilman Maughan** replied no, that 95% of the budget was accounted for in terms of charges that he had spoken about, labor salary and wages, approximately 70%, and putting into context, he said, if you add the debt service, BCUA charges and the other charges he had spoken about, those are 95% of the budget line, so exclusive of those large charges, we have 5% left that we can look at in terms of borough expenses. That 5% only accounts for \$600,000 of a \$12,000,000 budget. He said the borough was down to base level items when you get to that and you can't survive without utilities, without gas, can't plow roads without shovel repairs, truck repairs, which accounts for the other \$600,000 in the budget. He said it was a very tight budget and the \$250,000 mentioned tonight as a contribution necessary from the employees is the best case scenario. If we don't get the ability to pass the 6% increase versus the 4%, and the State does not give us the additional \$150,000 we lose \$300,000 of potential fills for this hole. To answer your question, the \$250,000 is probably a bare-bones contribution and will get appreciably greater if the State does not allow us the two approvals we are requesting.

**Councilman Maughan** then introduced Jeff Bliss, the independent CPA to offer some commentary on the council's conclusions as well as some of the legal and statutory ramifications for this.

**Jeff Bliss** said this budget for 2010 is really an issue of revenues. He said it is not an issue of expenditures, that they have actually be controlled and are pretty stable compared to last year.

**Mr. Bliss** said the issue was the revenue side of the budget and that due to the economic downturn the borough cannot produce sufficient revenue to support the budget. He said surplus was down by over \$500,000, there is \$400,000 in other revenues such as interest in investments, which has basically been eliminated as a revenue source in the budget. He said the hotel tax was significantly down, state aid was cut by \$100,000 and commercial rents are also down.

This is the reason, he said, that the borough is looking at a tax levy that is over a million dollars. There is no easy fix here he said, there are only two ways for this to be approached since we are required to have a balanced budget. Either we have to find some new sustainable reoccurring revenue sources between now and the time we adopt the budget. One time revenue source will not fix the problem and in fact, will make the problem worse

in the future. He said long term expenditure cuts are needed because it will only get worse next year and the magnitude of the problem will get bigger. He said it is going to take the cooperation of all borough employees and departments to fix the problem. He said it is a situation that is occurring throughout New Jersey and municipal governments.

With respect to introducing this budget, the governor has put out a directive to the Division of Local Government Services that he wants the budgets to be introduced by the 1<sup>st</sup> regular scheduled meeting of April. Mr. Bliss said we do want to do this because we have an opportunity to file for additional aid from the State but he said he didn't know if we would get it. He reiterated that in order to file for that aid, this budget has to be introduced by the 1<sup>st</sup> meeting in April. He also reiterated that the layoff plan previously described would go into effect July 1<sup>st</sup> but he said, between the introduction date of the budget and the date of final adoption, the opportunity to seek additional state aid, to look for additional revenue sources and make changes to the budget to alleviate the magnitude of any layoff plan. He said we have to deal with this issue as soon as possible because it will only get worse if we wait.

In order to get tax cap relief, the borough has to demonstrate to the State of New Jersey that there are expenditures in the budget that are one-time expenditures and not expenditures that will occur year to year. He said the State expects the borough to deal with the losses in revenue and will help us, if we have one-time revenue expenditures that will disappear next year. He said the borough had two expenditures that were required to be put in the 2010 budget that will not occur next year, one is a \$90,000 emergency expenditure related to tax appeals and \$60,000 related to expenditures that were disallowed by a prior auditor for capital expenditures. Those two expenditures are not expected to occur again and that is most likely a good reason for the State to approve us but it is not a slam-dunk. He said we must show the State that we have made every effort to reduce our costs, to seek additional revenues and that these expenditures will not have to be funded again through taxes.

**Councilman Kane** asked with regard to timelines, if the State had indicated that if we submit early they would be able to get back to the borough by mid-May or mid-June?

**Mr. Bliss** said we probably would not hear until late May or June and that there are municipalities that are in much worse shape than Park Ridge. He said the State budget has to be approved before they will approve our budget. He said they may hear our request for tax waiver in late May or early June but we probably will not be able to adopt this budget until June.

**Councilman Viola** asked what other major sources of recurring revenue are available to the municipality at this point?

**Mr. Bliss** said we could look at the fees associated with the billings from the BCUA, called an excess usage charge and look at what entities are not paying their fair share of the sewer costs in their taxes. You then develop a fee so those entities supplement the taxes for the excess amount they use.

**Councilman Viola** asked if there were any others.

**Mr. Bliss** said you could have additional program fees for recreation or services you provide to the residents at no charge.

**Councilman Viola** asked if there were any other ongoing revenue sources that the borough has today that has the potential for increasing revenue back to the municipality?

**Mr. Bliss** said not that he knew of.

**Councilman Maughan** said there were none except on the tax line and that's capped.

**Councilman Viola** asked about short term fixes, possibly selling certain municipal assets and based on what he has heard, since it would take a while to close on this and it would only be a onetime effect, it would not be advisable to consider this.

**Mr. Bliss** agreed that it was not a long term solution. He said it would help this year and next year you would have the same problem. He said you wouldn't be dealing with the issue you have. To get the financial stability back to the borough, to get the surpluses back to where they regenerate revenues, you have to have long term solutions.

**Councilman Maughan** said he had said that percentage wise the employee expenses were 70%, the BCUA charges and the rest accumulated up to about 95% and asked the auditor if, in his experience, was what was in other municipalities budgets throughout the State.

**Mr. Bliss** said in municipal/school district budgets it is salaries, wages and benefits that takes the majority of it. No matter what you cut, such as liability insurance, that's not going away. The sewer fee is not going away, it is a contract, the pension bill is not going away and no matter what you do to cut costs those fixed costs are not going away. Your discretionary costs are very limited, he said.

**Councilman Maughan** asked if he would explain the 2009 Annual Financial Statement that he (Bliss) had just produced.

**Mr. Bliss** said it tells you where the borough ended the year financially, what surplus there was, not only in the tax budget but also the utility. He said it showed a significant decrease in operating revenue and a situation that where the surplus used to balance last year's budget have not been regenerated this year and therefore not available.

**Councilman Maughan** said there is also a major expense for health insurance coverage in the budget.

**CFO Ennis** said the annual Health Insurance bill is approximately 1.8 million dollars and includes the utilities. Presently, she said, there is one bargaining unit that is contributing \$8,000 toward it for the year.

**Councilman Maughan** asked the auditor to comment on his experience on private sector contributions to that type of expenditure by employees.

**Mr. Bliss** said they contribute to their health benefits, some as high as 50%, some only get their single coverage and pay the difference for family but everyone contributes. He said the State of New Jersey has a new law that requires upon the execution of any new contracts a 1.5% of their base salary towards benefits.

**Councilman Maughan** said that even with the mandated 1.5% it would only yield approximately \$60,000 of contributions. He said this is a very large cost to the borough and must be looked at very seriously in terms of slimming down and not just by passing the cost along to the employees. He said the insurance agency has been asked to go back and look at an alternative plan. He said the "Cadillac" of the industry is the plan we have in effect right now but if we ask for a "Chevy" version of that we may be able to reduce that cost from 1.8 million and level the playing field on some of the benefits. He said if we are asking people to contribute their cost could possibly be scaled down with the alternative plan. He said it is something the governing body is looking at but not sure if they will have an answer within the 90 day period. Councilman Maughan said to the employees in the audience that if they had other solutions to please get them to their department heads who will share them with the borough administrator and CFO.

**Mayor Ruschman** said as far as covering that particular area the employees are probably well familiar with what we are talking about and he would rather not pursue it and felt the employees were intelligent enough to know what we are talking about. He said he would rather move on to any questions the council might have since this is a work session.

**Councilman Maguire** said he believes they owed it to the employees to look at a multi-year view. He said if the council was going to try and stabilize the work force and try to figure a way out this year, they needed to know what next year was going to look like, he said that was how we got into this mess by making mistakes last year.

**Mr. Bliss** said he thought it would be wise to do a three-year projection based on some assumptions to see how it would look going forward. That would be a very helpful tool, he replied, to make sure the borough is on the right track.

**Councilman Viola** asked if the 4% had been taken last year, how much revenue would that have raised?

**Mr. Bliss** replied approximately \$350,000.

**Councilman Viola** continued, that if 3 was deducted from 1.1 we would still be \$800,000 short and essentially still in the same mode, maybe slightly different but not really that much. He said it appears to be like the "perfect storm", everything happening all at once. He asked if he was right that even if taxes were increased to the maximum last year, that we really wouldn't be that much in a different boat.

**Mayor Ruschman** said it really gets back to what the auditor said, it was done by the revenue that has not come in.

**Councilman Viola** said that was the point he was trying to make...that even increasing it to 6% this year, if we can, that means next year....What would happen Jeff?

**Mr. Bliss** responded that you have a shortfall in the revenue.

**Councilman Viola** continued that we would be back talking about a dozen layoffs again.

**Mr. Bliss** said you cannot continually max out everything every year and hope that you're going to recover. You have salaries going up 3 to 5%, you have the contractual sewer which goes up 8 to 10%, you have pension bills...you have rising costs and if you keep maxing those revenues out, you're setting yourself up.

**Councilman Viola** again said that unless some kind of permanent or long term solution is found and even if things were done in the past to raise revenue, unless you were maxing it out every year and taxes were going up hundreds of dollars, you would still pretty much be in the same boat. Is that correct?

**Mr. Bliss** said it is a very difficult thing to say, if you had maxed the taxes out over the last five years, would you still be in this boat? Probably not but considering the economic times, there is so much pressure not to raise taxes and in New Jersey the high is the property taxes. You want to provide the services at the same time you don't want to raise the taxes and the two are going in the opposite direction. He said, Park Ridge in this situation is not unique in New Jersey; there are many municipalities that are in the exact same boat.

**Councilman Maughan** said in responding to comments about last year and previous year, was the council was very sensitive to the fact that we were in the biggest recession since the great depression in the 1920's and knew we were heading toward 10% unemployment, knew that New Jersey is out of control from a financial point of view so what we tried to do was minimize whatever burden we heaped onto the local taxpayer. It was a concerted effort not to pass along any tax increase last year for that very reason.

**Mayor Ruschman** opened the meeting to the public.

**Joe Barnes, 66 S. Franklin Tpke, Ramsey** came forward stating he was employed by the Utilities. He said in-lieu of eleven workers coming up, he wanted to read something that was put together over the last two weeks.

"I am reading this statement on behalf of the Borough Employees Association and a few exempt employees who have no representation. We are saddened and dismayed to be at a meeting where possible layoffs are being discussed by the Mayor and Council. The employees of the borough, from all unions and exempt alike have been loyal and hardworking. The residents of Park Ridge have come to rely on the friendly and efficient services they receive from all areas. It is unfortunate that some poor decisions made in the past as well as some revenue shortfalls have led to this grim economic outlook.

You have asked for the unions to come up with a solution and we were tasked with asking our members who have faithfully abided by the terms of the mutually agreed upon contract to sacrifice their hard-earned wages to make up for the shortfall we did not create. This is particularly hard to swallow with only nine months left before our contract expires.

We are compassionate people, we don't want to see anyone losing their jobs, we are currently running as lean as possible at the borough hall to the point that even losing one person would be prohibitive to the level of service needed to serve the people of Park Ridge effectively. So we are willing to work with the Mayor and Council to try to find solutions to this budget gap. We hope you take into consideration the hard work we do day in and day out and that all the alternatives to layoffs will be explored and considered. Our desire is, that with some sacrifices on your part as well as ours, we can come to a solution that does not come to anyone losing their jobs."

Mayor Ruschman said it was the primary objective of the governing body as well.

**Robert Doxey, 260 Prospect Street** came forward stating he had been born in Park Ridge 89 years ago. He said what he had noticed this evening that all of you have been provided with microphones but only a few of you like to use them. Mr. Doxey said he had a business in Park Ridge for 30 years and had employees and cannot understand how, if you have people employed who are necessary for maintaining the operations of the borough, how you could possibly think of laying them off. He said he wanted to say one thing that was not going to be very well received, but he does not believe the employees are properly supervised. He said he has noticed little things but for the taxpayer to be asked to put the cardboard in the compactor, which is an automatic machine, he didn't think the borough

insurance agent would approve. He said he has helped old ladies take things out of their automobiles with a town employee just sitting there watching him do it. He said half the room had on clothes that the taxpayers had paid for and the other half did not, just pointing out how things are out of balance and a little strange. He said the employees need better supervision.

**Barry Stein, 10 Glenbrook Drive** said the crew is great but he didn't hear a lot of things about what we could cut out. He said heard about all the prices that were up but asked if we could do anything with sanitation, cutting back to one day a week, get rid of the compactor temporarily and there are a lot of other things that can be done. He said we have infiltration of water into the sewer system that nobody is monitoring. He said there are a lot of things that can be done on a smaller level and if we all work together we can save these guys.

**Mayor Ruschman** said we are under contract with the compactor and IWS.

**Mr. Stein** replied that if the borough is under the gun, we should put them under the gun. We all have to pull together.

**Councilman Viola** said the savings is practically nil because it is the tipping fee that drives the cost but he said it was the first time he had heard of water infiltration into the sewer system and that is an example of something that has long term potential.

**Ken Reynolds, Nottingham Court, Montvale**, President of Park Ridge Employees Association. He said he has listened to the Mayor and Council, and the Borough Administrator tell him and the representatives of the other unions what they must do to help the town close the deficit of \$250,000. Asking us to take a 0% raise for 2010 is one thing but handing us an ultimatum of trimming \$250,000 or else there will be layoffs in each department is unfair and irresponsible especially coming on the heels of all the borough employees making a monetary concession with regard to their health insurance and saving the borough approximately \$350,000 this year alone. He said that was not mentioned when you were talking about one group paying and what private industry does.

While some of the councilmen have said this is not an issue and not to point fingers and blame anybody, I feel as if the Mayor and Council have been asleep at the wheel and accountability for this situation must be placed solely on their shoulders. As the leaders of this town, they should lead by example and forgo most if not all of their stipend associated with each of their voluntary positions. The municipality's portion of the residents' taxes have only been raised approximately 12% over the last 15 years. Appearing to be the taxpayer's friend, knocking on doors, keeping taxes low in order to get elected just doesn't hold water when the same people will not accept the responsibility.

I do have to give you credit because tonight for the first time I heard you say that there were some mistakes made and you were responsible for some of those mistakes and for that, he said, I thank all of you and appreciate that. Mr. Reynolds said he was speaking for most of the people on his side of the room and that was upsetting quite a few people.

He said the residents are provided with great utility service and he has heard many say that the roads in Park Ridge are the first to show black after a snow storm, which should prove have much pride the workers have in their jobs. He said the PREA wants to help the town find a solution to the monetary crisis without having to endure any manpower cutbacks.

**Gerry Ritz, 16 King Road, Park Ridge** asked what we spend per year on goods and services...products we buy, services we buy.

**Councilman Maughan** said that would be the 5% number mentioned earlier, roughly \$600,000.

**Mr. Ritz** asked how many police officers did we have today?

**Mayor Ruschman** answered 18.

**Mr. Ritz** said that if 4 men were eliminated, he did not know how three shifts could be covered with only 14 men. He said that even with 18, you only have 2 men on at night and many nights only 1 because people are on vacation or sick leave. He said he is concerned about the safety and security of the town.

**Mayor Ruschman** said the Council was also and they just couldn't lay off all these people.

**Tom Mazzarella, 129 North Avenue** said he had been a resident all his life. He said he works here and was curious how the 17 employees in the layoff plan were picked and others were wondering the same thing.

**Helene Fall**, Borough Administrator replied that part of it was evaluating the operations to see where the cuts would have the least impact on services, although she said, what she found very quickly was that any cuts would have an impact on services. She said she looked at it as to where the borough could bear to become probably somewhat inefficient in what we do. She said the employees were all extremely efficient in what they did but some of the processes of what we do every day will be slowed down to become somewhat manageable. She said she looked in every department, looked to see where there were multiple people with similar titles and looked where there were full-time people to see if some of the work could be done with a reduction of hours. Insofar as the blue collars, you have multiple employees in the same title, specifically roads...and knowing full well that the work that is done, which is very important, will mean that it will take longer to get the roads clear. In a snow storm, she said, there is no doubt about that. Ms. Fall said the compactor would be looked at and what services will be either looked at or lost. She said those are all the things that were looked at together with input from the various departments. She said the A-Team had given her their observations because they had a longer sense of the operations than she did.

She said that up until she presented it to the governing body this evening, she has been making changes and thinking about it. The plan itself is not finite, it is not all or nothing, it can be part of it, some of it and hopefully not all of it. In regard to the police department, **Ms. Fall** said she understood that the nature of government was to provide for the health, safety and welfare of the public. She said it we have to lose 4 police officers, there will definitely be an alteration in services and the Chief is not in support of the plan, however, it is the only way at this point, to bring the budget into compliance with the state law.

**Peter Wayne, 4 Carrol Drive, Highland Mills, NY** said he has been a full-time employee for the borough for 19 years, currently as the road foreman. Three of the blue collar in the layoff plan are all from his department and even if only 1 or 2 are lost out of the department, where does that leave the borough for services? He asked if that had been looked into for the rest of this year...leaves, will we still be picking them up or will the residents be doing it. With my department down to 3 or 4, he said, there is no way that they are doing leaves.

Ms. Fall said that over the next week they will be looking at what operations will be impacted. Part of the situation that I have been faced with, on behalf of the borough, is that once we realized what the gap was and the magnitude was to move quickly to quantitatively determine what staff reductions would have to take place. So that very question is one that we will have to evaluate to see what services we will be able to continue to provide and in what way. But, she said, she really believes that as an employee group this issue can be resolved without having to lay off one person.

**John Woods, 26 Sycamore Court, Westwood** asked how much money the borough receives from the transfer station per ton? He said as a host community he thought we did get money back.

**Councilman Viola** replied that we get a fair sum of money and said he would look for it in the budget.

**Mr. Woods** also said that Park Ridge tipping fee was a lot less than other towns; at \$50 a ton...most municipalities are paying \$70.

**Ms. Fall** confirmed.

**Mr. Woods** said he formerly worked for Waste Management so he knows what we get and what he is getting at is, he started working at the borough five years ago. He came because of the package offered and because Park Ridge is a beautiful town with a lot to offer, such as a Utility Department which is on the spot in an hour when any wires come down. He said in Westwood you can sit for three hours waiting for PSEG to come. He said he just didn't understand how the borough could be in this much debt with a transfer station you are making money on, you pay less for your garbage, you have a utility department you are making money on and it's sad to see where you are today. Mr. Woods said he doesn't know the figures and doesn't know how it got that way and doesn't want to place blame but to come to the employees to get \$250,000 ... it's impossible.

**CFO Ennis** said the borough received just under \$102,000 in host fees.

**Mr. Woods** said and other towns don't receive that and we pay \$50.00 tipping fee per ton, so we are saving.

**Councilman Kane** said the utility budget is a totally separate one from the municipal budget....

**Mr. Woods** said, but you do grab it when you need it. We were here two weeks ago and you were \$850,000 in debt and now you're down to \$250,000, how did you do that?

**Councilman Kane** said the council was having a discussion with the utilities next week but if we were to raise rates on the utilities tomorrow, which they rolled back last year, and they still could keep themselves 7 or 8% points below what PSEG costs, we would probably solve half of this problem.

**Councilman Maughan** said this was a very fluid situation, we don't have the approval of the state and don't know what they will come through with, don't know what the employees will come through with and we don't know what others may come through with. We are going to have to balance our conversations among boards, employees and state people so that we can come to a particular resolution on this. There is not much elasticity in what we are trying to do here, so if you are in a box and let's face it we are going to raise taxes and are going to get a lot of heat from the residents by going in with a 6% tax raise, which is above the 4%. We realize that and are probably going to have to raise taxes much more regularly on a going forth basis than we have in the past. You cannot conduct an operation where your costs continue to exceed the revenue and stay in business, it doesn't happen. What we are trying to do is not hide anything, transparency is of the utmost...we've had financial people speak to you, we've had out municipal auditor, our CFO...the facts are out in front of you to look at, we need help in coming up with solutions and we've asked the taxpayers, we've asked the state and we're also asking our employees.

**Chief Joseph Madden, Mahwah, New Jersey** said he heard a lot from the Mayor and Council tonight and just wanted to clarify something as the person in charge of the safety and security of our residents. We are actually a 17-man department with one officer on a major disability. Since 1974 to 1995, the department was always at least a 19 to 20,21 member department. Right now I feel that under my management of the last three years you have pretty much focused on salary and wages. I know that our department has eliminated over \$300,000 in the last three years. Chief Madden said based on that and to comment on former Police Commissioner Ritz's comment on how we can protect this town.

If you are considering laying off four officers, it is inconceivable how we are going to keep the level of service and protection that we provide for the town and I know this is a worst case scenario but before the ground swell begins that the police department as the most highly compensated employees in the borough, are not willing to work with you, we've already addressed major issues and have been very fiscally responsible for the last couple of years. I know it is very easy to target members of the police department as a major problem within the budget but I want to get on record that we are fiscally responsible and are actually a 17-man department now, laying off four would bring us down to a 13-man department and that is just not going to protect the citizens of our community. I just want to get on record that we are not the cause of this situation...we have a valid contract...you requested that maybe we open that contract...I am also under contract and understand that members of my department are going to work with you as well as they can. I think 4 police officers are something that we may want to reconsider. I know we are all going to get through this together. There will be a Park Ridge in 2010 and 2011 but I want to make sure it is a well protected community.

**Liz Maggio, 3 Utica Court, Nanuet** and as the union representative I have been asked by many members regarding your stipend, that you are asking employees to sacrifice dollars and they would like to know if you are willing to sacrifice yours to put a dent in that deficit.

**Council President Kane** said the Council was going to talk about this at the next meeting but wanted to publically follow the Finance Chairman's lead and also forgo his stipend for 2010. Council President asked the Borough Clerk for a vote to see if all the councilman want their stipend. We will do this right now, he said, to please everyone in the audience.

Councilman Hopper - 50% of stipend  
Councilman Viola - passed on first call - no stipend

Council President Kane - no stipend  
Councilman Maughan - confirmed what he said earlier–no stipend  
Councilman Maguire - no stipend  
Mayor Ruschman - no stipend

**Scott Laughton, 360 No. Central Avenue, Ramsey** said he wanted to back up the Chief's comments from a labor point of view. He said the police do understand what the problems are and are willing to work with the council, just not willing to write a blank check until some of the numbers are seen. He said he wanted to thank everyone personally and that they are willing to work with them but not with a blank check. He said this was their livelihood and their only source of income. He said it was a big help to see the Council willing to give back as well.

**Mayor Ruschman** thanked everyone for coming and sharing their thoughts with the Council and letting the Council share their thoughts with you.

Motion made by Councilman Maughan and seconded by Councilman Viola to confirm to authorize Helene Fall, Borough Administrator to submit the Workforce Reduction Plan to the New Jersey Civil Service.

AYES: Councilmember Hopper, Councilmember Viola, Council President Kane, Councilmember Maughan, Councilmember Maguire in voting yes, said the employees were the backbone of the town and they did not create the situation and are not the problem and this is the first time the council has seen the plan and it does need to be filed saying he would support the submission of the plan but not the layoffs.

**Council President Kane** said there was not a member of the Council, the borough employees working on the budget...no one supports layoffs, so the vote we just took is the worst case scenario as was explained in the beginning of the night. It is a procedural thing that we have to get down to Trenton.

**Mayor Ruschman** said he hoped everyone understood that it was just a procedural thing to get in front of the line down in Trenton.

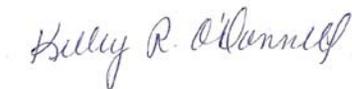
**Council Maughan** said that in order to ask the state to participate in the mechanism that I have spoken about, we have to have an introduced budget and this is part of the introduced budget. This is procedural and we all hope we don't have to revert to this but we are obligated to do this.

Motion made by Council President Kane and seconded by Councilmember Viola that the Special Meeting of the Mayor and Council be adjourned.

Motion carried unanimously.

**Meeting adjourned at 9:50pm**

Respectfully submitted,



Kelley R. O'Donnell, RMC  
Borough Clerk