

**MINUTES OF THE SPECIAL BUDGET MEETING OF THE
LITTLE SILVER BOROUGH COUNCIL
February 16, 2023**

The meeting was called to order and the Statement of Compliance with the Open Public Meetings Act given by Councilman Brennan at 6:30 p.m.

“Adequate notice of this special meeting has been provided by the mailing of a notice to the Asbury Park Press and The Two River Times on January 12, 2023, and by filing same with the Clerk of the Borough of Little Silver and by prominently posting said notice on the bulletin board of the Borough Hall, the Borough Website, the Borough Facebook Page, Electronic Sign and Constant Contact.”

The salute to the flag was led by Councilman Christensen.

Roll Call:

Present: Councilpersons Brannagan, Brennan, Christensen, Galante, Holzapfel, Smith, CFO Craig Marshall, and Administrator/Clerk Burke.

Absent: Mayor Neff

Administrator Burke noted there was no one in the audience or on Zoom.

Report on the budget by the CFO and Administrator:

Craig Marshall, CFO, reported the adopted budget for 2023 was approximately \$12,167,000 at the beginning of the year. During the year, about \$204,000 was added in grants, not counting DOT grants; DOT grants are counted in capital funds. The tax levy for 2022 was \$8,130,000. For 2023, the proposed budget is \$11,775,000, which is down about \$600,000 from last year's budget. The proposed tax levy is \$8,455,000. In 2022, we received money from the American Rescue Plan for \$605,193.58. That money was used for police, but we took the opportunity to add some capital to the budget: we covered \$200,000 toward a new ambulance and increased our capital improvement fund by \$470,000, which was a one-time budget increase in 2022. The 2022 budget also included a one-time use of inter funds in the amount of \$285,000. Inter funds are borrowed money between different funds (i.e. grant funds and operating funds). When there are inter funds, there is a loan on the books. Your fund balance then becomes restricted in stead of unrestricted. When Craig cleaned up the books over the past few months, he was able to clear out all of the inter funds/borrowing between funds. That will come out of the budget in terms of our revenue for this year. Interest is rising- the beginning of 2022, the Fed rate was about .25%; it is now 4.75%. In November, Craig started researching different banks and put proposals into 5 banks. When he started this, we were getting about 2.4% interest, and now we are getting 3.6% on operating funds and 4.5% on another investment vehicle. On \$10 million, we should get close to \$350-400,000 in interest this year, vs. \$145,000 last year. This will help offset some of the significant increases we're seeing as well as replenish the money from the fund balance that we are using to balance this budget. In this budget, there is \$1,985,000. The 3 things that can help replenish are miscellaneous,

unanticipated revenues, and anticipated revenues.

Unanticipated revenues are revenues collected regularly, but they are not used to balance our budget and are less predictable, smaller, and there are a lot of them (50). Instead of putting 50 separate lines in the budget that are unpredictable, we use fund balance as a mechanism, and is also known as surplus.

Unspent budget appropriation- New Jersey operates on a 2-year budget cycle. For 2023, we can spend 2023's budget and continue to spend the 2022 budget for things that were incurred in 2022 but not paid yet. At the end of 2023, whatever is left from 2022 that wasn't spent also goes back into fund balance.

Anticipated revenues: revenues that we use to balance the budget. If we collect revenues in excess of that amount, those revenues go back to restore that fund balance as well.

There will be a tax increase this year of about 4%.

The insurance premiums for the Joint Insurance Funds this year increased \$20,500. State health benefits- the state gave all local governments a 22% increase in health benefits, which represents \$187,000 increase in the budget, but the actual spending increases to over \$200,000 just for health benefits.

Mr. Burke added that through our consultant, we got a claims experience as an employer. It was sent to a broker to look at it, and because our claims experience was too high, we did not qualify for the Health Insurance Fund. We can reapply next year.

Mr. Marshall continued that there are some dead trees around the borough, which is a liability if we know that there is a tree that is a problem. We increased our budget to handle tree maintenance. JCP&L needs to handle some trees if they are touching power lines.

Our trash collection contract expires April 1st. We entered the contract right before significant increases in the market.

Mr. Burke explained when the contract was entered 5 years ago, the company went out of business a couple months later. The vendor was getting paid \$15/ton for everything they dropped off; it is now \$118/ton. The \$80,000 increase is a guess for the tipping fees.

Mr. Marshall continued various public work increases because of increased prices for everything. Utilities were another large hit, especially gas. In 2022, a lot of money had to be transferred into the utilities budget to cover expenses. State Pension payments have double digit increases every year, with a \$50,000 increase this year.

Payroll came in under budget last year, so money was able to be transferred to offset some expenses.

Mr. Burke is waiting to hear back about the cost of a bucket truck from Fort Monmouth, which will allow DPW to do more tree maintenance themselves. Right now we have a shared service bucket truck with Rumson.

Councilwoman Brannagan explained that when discussing raising the Rec fees, there was discussion about hiring another DPW worker to handle the field maintenance.

They would like to put that in front of the finance committee again, as well as changes to the organization in Borough Hall. Some personnel might be moved around and hiring 2 more part time employees- front desk and IT.

Councilman Brennan asked where that money would come from.

Mr. Marshall answered that they are still working on that and this is just a draft budget. There are a couple retirements that are coming up, which will offset costs.

Councilman Galante stated that you can pay for an additional DPW employee with Open Space funding.

Mr. Marshall added that we have almost \$1 million in Open Space Funds and are getting about \$200,000 more.

Mr. Burke explained that the current part-time administrative assistant will be moved to the Planning and Zoning Department to help with the workload. DPW is doing the work on renovating the new Zoning office.

Review of the Capital Budget with Department Heads

Adjournment: There being no further questions, the special meeting was adjourned at 7:01 pm with a motion from Councilman Smith and a second from Councilman Holzapfel, followed by a unanimous voice vote.