

BUDGET WORKSHOP MEETING MINUTES

March 9, 2020 at 6:30 pm

A Budget Workshop meeting of the Mayor and Council of the Borough of Bradley Beach was held in the Meeting Room, 701 Main Street, Bradley Beach, New Jersey on the above date.

CALL TO ORDER

Mayor Engelstad opened the meeting with a salute to the flag.

Sunshine Law

The meeting has been noticed publicly according to the Open Public Meetings Act requirement for the “Annual Notice”, and posted on the official bulletin board.

ROLL CALL 6:30 pm

Present: Council: Bonnell (arrived at 6:35pm), Gubitosi, Sexsmith, Weber,
Mayor Engelstad
Chief Financial Officer Sandra Rice
Deputy Municipal Clerk Erica Kostyz

Sandra Rice, CFO began the Budget Workshop by introducing a Budget Outline she prepared and explained this a draft only and not an introduction. Copies of the Budget Outline were distributed to the Governing Body and copies were made available for the public.

Ms. Rice provided the following information:

- The difference between what Joe Monzo, interim CFO left and what she prepared is that the Governing Body and the public is presented with the State Budget Form.
- Also provided are completed budgets for the Sewer and Beach Utilities
- There are no appropriations Capital in the Current Fund with the exception of \$44,000.00 for Capital Improvement Fund.
- It is Ms. Rice’s opinion that the Governing Body should consider allocating Pay as You Go (or cash money in the budget) Capital in the Current Fund this year as opposed to taking all of the Capital budget requests and issue debt for them as was previously presented.
- We are currently waiting for the previous auditor to complete the Borough’s Annual Financial Debt Statement (un-audited financials). Without the AFS document the numbers placed in the budget document are not final numbers and analysis of surplus is one of the key elements that will come out of the AFS.
- The unaudited fund balance as of 12/31/19 is \$1,765,957.45. Any or all of that is available to use in the 2020 budget to offset expenses and tax increases.
- The use of surplus in the proposed budget is \$500,000.00, this is conservative. Changes made to the appropriations side can be offset by increase in the use of surplus if necessary.
- The Beach Utility 2020 budget shows a higher use of surplus than 2019. This is mainly due to increases in salary and wages, statutory expenses and the increase in minimum wage. The current unaudited surplus in Beach Utility is \$347,968.21.

- In the Sewer Utility proposed budget does not include any use of surplus
- The current unaudited surplus (Fund Balance) in Beach Sewer Utility is \$2,012,578.58. Given this significant amount, if the Governing body wishes to, some of the surplus can be used towards Pay as You Go projects in the future or in the current year budget. Also, new debt will be added to the Utility as the current NJIB loan will be converted to Bond Anticipation Notes.
- Ms. Rice will be keeping the new Administrator informed on all of the budget work done to date.
- It would be feasible to introduce the 2020 budget at the March 24th Council Meeting provided that the AFS is completed and the State Aid numbers are released if the Governing Body wishes to. She went on to state if the budget is introduced at that time the Borough would be ahead of the statutory deadline of March 30th. However in light of a new Administrator starting it may be best to wait until the first meeting in April, which would still be acceptable by the state.

Mayor Engelstad and Councilman Bonnell asked if a definite date for the AFS document from the previous Auditor can be obtained.

Ms. Rice responded she will get a definite date.

Councilman Gubitosi asked if the use of surplus could be a higher amount as opposed to the conservative amount presented.

Ms. Rice responded it could be higher or all surplus could be used, though she would not suggest that.

Mayor Engelstad stated Mr. Monzo had stated a tax rate decrease of 3.2 cents which would create \$390,000.00 in spending authority. He continued that while he would like to see a tax decrease, he does not want to borrow to handle all of the capital requirements. It is his opinion the borough can fund a number of legitimate capital purchases without bonding and make a debt in the allocation of the sewer budget while keeping municipal taxes at a possible 1 percent decrease.

Ms. Rice agreed with this and stated there was a list of potential capital purchases left for her totaled approximately \$597,000 dollars. She refers to this as a wish list meaning not all of the requests would have to be fulfilled in 2020; however if the borough wanted fulfill as many of the requests possible in 2020 it would be affordable to put the money into the current budget. She went on to state it would not be unreasonable to appropriate money from the Sewer Utility to the Current Fund to offset funding for some of the capital projects.

Mayor Engelstad asked what would be a safe amount to keep in the Sewer Surplus to offset the cost of Phase II sewer work.

Ms. Rice replied it would depend on the amount that would be regenerated into the surplus during the year.

Councilman Gubitosi asked a good amount to have remaining in the sewer surplus that would not have to be replenished and would it be unwise to use \$500,000 of the surplus to retire debt or create additional Capital Improvements without trying to recover it in subsequent years.

Ms. Rice responded it is necessary to make sure there is enough to cover debt service and she does not feel that is an unreasonable amount of surplus to use without recovering it.

Councilman Sexsmith inquired when Phase II of the sewer will be starting.

Councilman Bonnell replied the planning phase will begin this year and the physical work in 2021.

Mayor Engelstad asked if there is a desire move money from the sewer budget to the current budget and if so, what would be the dollar amount.

Ms. Rice responded it is a good idea to move some of the money from the sewer budget to the current budget to offset costs for upcoming projects.

A conversation ensued between the Governing Body regarding lists of items requested this year by DPW and the Police Department.

Councilman Sexsmith addressed the request for new Police Consoles.

Mayor Engelstad confirmed with DPW Supervisor Biagio Cafone the list of items needed within the department and the town.

Dick Johnson, Beach Supervisor requested a 3 person side by side vehicle be added to the list of possible items needed for this year.

Public Comments

Jack Giantempo brought up the cost of disposing of recyclables and suggested the town suspend disposal until the market starts to improve.

Mr. Weber replied because the town cannot do that, because of state mandate.

Thomas Coan 612 Third Avenue thanked Ms. Rice for her presentation. He expressed his opinions on what funds money should be placed.

Engelstad/Bonnell moved to adjourn
ADJOURN 7:50 pm

Erica Kostyz RMC, CMR
Deputy Municipal Clerk