

Work Session
Mayor and Council
January 27, 2011

A Work Session of the Mayor and Council was called to order at 7:40 p.m. by Mayor Barra who announced that the requirements of the Open Public Meetings Act were met by the required posting and notice to publications.

The following individuals answered roll call: Council members Bernstein, LaMonica, Schoepflin, Strauch, White and Mayor Barra. Mrs. Wilczynski was absent. Mrs. McCarthy and Mr. Bole were also present.

Public Comments

Mr. Bruce Beck of 102 West Allendale Avenue said he was present before the Council due to an error in his water bill. In the past he has spoken both to representatives of the Governing Body and the municipality, who agreed that there was an error but it has not been corrected. The issue dates back to June 16, 2009.

Mr. Barra said Mr. Beck has contacted the appropriate people. Mr. Schoepflin has informed the other members of the Water Committee about the problem. There will be a meeting of the Water Committee tomorrow and this topic will be discussed at that time. He added that the Water Committee has met for countless hours meeting with individuals who believe their water bills are not accurate.

Mr. Schoepflin said the town had failed with Mr. Beck's issue and they would try to correct it as soon as possible.

Administration

Mayor's Report

Mr. Barra reported that the Mayors in the Northwest Bergen area met last Saturday and it was one of the most important and extensive meetings they have ever had. One of Governor Christie's aides came to the meeting to discuss issues that are important to the group. The Mayors want to become very pro-active this year.

New legislation pending regarding utilities. Sewer charges account for nearly fifteen percent of Allendale's budget and we have concerns about the rates, our representation and the lack of transparency in the government of the utility. Mr. Barra has been selected to be on County Executive Kathleen Donovan's transition team on this topic. The Mayors have asked for the Board of Utilities to have a special meeting with them about their budgets and their lack of representation. It has been agreed that the Mayors will have veto power over minutes. Three years ago Allendale had an utility increase of \$190,000. That would be roughly 1.4 percent of our budget. Mayor Barra said if we had an increase like that today with a 2 percent budget cap, it would be catastrophic.

With regard to health insurance, Governor Christie is pushing for a 30% contribution of employees toward their health care premiums. That is beyond the 1.5% of salary that non-contractual employees contribute today. This idea received unanimous support from all the Mayors. There was a 22% increase in health costs in 2010 and there will be a 16% increase in 2011. It now costs about \$20,000 for each of our employees who is on a family insurance plan. In five years if those rates continue it would cost over \$40,000 per employee who is on a family insurance plan.

All of the Mayors have indicated that the pension system has to change to a defined contribution plan. The pension system can't continue as a defined benefit plan whether that is just for new employees or it extends beyond those individuals. Our employees are covered by PERS (Public Employees Retirement System) and PFRS (Police and Fire Retirement System). In 2005 the contribution for a regular employee was \$253 annually which has escalated to \$4,002. Police costs in 2005 were \$4,527 per employee for PFRS and in 2011 the costs will be \$31,618. If the payments continue at that rate in the same six year period, the contribution for a regular employee will be \$11,900 and the contribution for a Police officer will be \$94,000. Mr. Barra stated the system is broken and has to be changed, not only for the taxpayers but the employees whose pensions are in jeopardy.

There are also new provisions where Governing Bodies will be able to veto the minutes of the Board of Trustees of the Library in order to ensure their compliance with new legislation.

County Government has grown and the consensus of the Mayors was that the many of its functions should be returned to the municipalities including roads. Allendale sent a letter to the County in February of 2009, 2010 and will be written again in 2011 about projects that have been scheduled but not acted upon. The protocol is for the municipality to pay for engineering and the County will pay for the road construction. We have paid thousands of dollars on engineering but yet the projects have not been started. There is a real push on the part of the Mayors to take back some of those functions because the municipalities get things done.

Mayor Barra introduced Ms. LaMonica as the Chair of the Finance Committee who will make a presentation on the current financial status of the Borough.

Financial Review

Ms. LaMonica said the goal of the Governing Body is to have Allendale retain its charm but at a price that is affordable. Our taxes and our debt are high when compared to our surrounding municipalities. Our debt service is 11% of our budget compared to that of New Jersey which is 10%. The good news is that through aggressive management of our finances, Allendale is in better financial health than many of our surrounding municipalities.

The 2010 tax dollar broke down into 23.7% for Northern Highlands, 39.8% for Allendale Schools K-8, Municipal taxes at 26%, County taxes at 10.2%, County Open Space at 1.3% and Municipal Open Space at 1.9%. Almost 63% of every tax dollar goes to the schools.

To run the Borough costs \$12.3 million but very little of it is under our control. For example, the sewer expenses represent 15% of our total expenditures of \$1.8 million. It is a charge we get from the Sewer Authority. Debt service is 11% and Allendale has the highest debt of our surrounding municipalities. Over the past five years we have curtailed future growth of debt quite significantly, essentially saving the Borough \$5 million in additional debt.

Health care and liability insurance represents 9% of the total or \$1.14 million with about \$800,000 of that representing health insurance. Pension and Social Security represent 7% of the total or \$840,000. PERS increases have grown by 1400% since 2005. Police contributions have increased by 598% in terms of our per employee contributions. This is not sustainable. For the average police officer with a family we are paying approximately \$50,000 per employee and for a non-police employee we are paying \$22,000.

The Library is about 5% of the total expenditures although that number will be decreased by 4 ½ percent in 2011 due to a decrease in assessed home values which is what the funding calculation is based on.

The reserve for uncollected taxes is 4 percent of the total or \$440,000. Salaries for Police and Teamsters will not be impacted until their contracts are renegotiated. The Police contract will expire at the end of 2011, and the Teamsters at the end of 2012. The biggest “slice of the pie” is public safety wages which represents 18 percent of the total expenditure or \$2.2 million. That includes Police salaries of \$1.5 million which is projected to grow to \$1.6 million in 2011. Public Works wages represent 7 percent of the total or \$853,000.

Despite some large increases, the rough numbers that have been run indicate an increase between 0 and 1 percent for 2011.

The largest revenue that we take in is tax receipts in the amount of \$9 million. That is followed by State Aid which was \$1.1 million in 2010 and surplus of \$900,000. There are small items such as Crestwood \$250,000, Construction Fees \$160,000 and sewer charges of \$259,000. It is not clear where State Aid will be in 2011. It could be anywhere from what we took in last year to being down \$150,000 less than what we took in last year. In the last two years it was down 5 percent and 13.4 percent respectively. Ms. LaMonica believes we will probably be reduced in funding, but it is not clear how much.

One of the changes we are faced with this year is the 2 percent tax levy cap which means the municipality cannot increase the amount to be raised by taxes more than 2 percent over the prior year. There are exclusions which include pension and health benefit increases in excess of 2 percent and debt service. All other expenses are in the cap including the full amount of contractual salary increases. A lot has been accomplished but it is clear we need to continue to press hard for efficiency. Relative to our peer towns we are in control of our fiscal situation. Our tax burden and outstanding debt will continue to comprise a substantial challenge to us.

The Governing Body is very focused on ensuring Allendale is an affordable place to live. Since 2005 when the municipal tax rate increased by 7.4% and then by 11.2% in 2006 we have steadily

been declining the increase to roughly 4.5% in 2007 and 2008 and to 2.5% in 2009 and 2010. The Council will continue to move aggressively in 2011.

Ms. LaMonica said the Council has been looking at all aspects of our operations and tonight there will be a discussion on what is being done in terms of filling the leadership in the Police Department following the retirement of Chief Herndon.

Police

Mr. Barra said the Police Department is the largest single expenditure in our budget. Sixty-five percent of the Police budget is spent on Police salaries.

About nine months ago Saddle River, Upper Saddle River and Allendale agreed in principle to look at sharing dispatch and sharing patrols. Chief Herndon announced that he would retire effective September 1, 2010. This brought up the question of who would lead the Allendale Police Department.

The Public Safety Committee met with the four sergeants to discuss the future of the Allendale Police Department. It was decided to retain Jersey Professional Management to review how the leadership of the department could be structured after the retirement of Chief Herndon.

Beginning September 1, 2010, Sgt. McCarthy as the senior sergeant was appointed as the Officer in Charge through the end of December. As we progressed it became apparent that a decision could not be made by the end of December. It was decided to extend the Officer in Charge through the end of April. As the next senior sergeant, Sgt. Scherb will be filling that position from January 1 through April 30. We have continued to investigate other paths.

The County has opened a dispatch facility and we have spoken to other towns in terms of sharing dispatch.

The most important decision has been to select a leader for the Allendale Police Department because whoever that leader will be, it will be their department. This is probably one of the most significant decisions the Governing Body has had to make. They wanted to look at their options in trying to decide what they should do.

Mr. Barra turned the matter over to Mr. Bernstein.

Mr. Bernstein said Jersey Professional Management offered options for what was available to the Allendale Police Department. Their report stated a Police Chief, a shared Police Chief, a Public Safety/Police Director, a shared Public Safety/Police Director or a Police Chief and a Public Safety Director or a ranking Officer in Charge. Their recommendation was to create an Officer in Charge with the rank of Lieutenant. They did not feel the size of the community and the Department warranted the position of Police Chief.

Mr. Bernstein returned the matter to Mr. Barra.

Mr. Barra said the Public Safety Committee did not decide to accept the recommendation of Jersey Professional Management for several reasons. They didn't feel it was the right time to share a Police Chief. Legislation needs to be clarified in Trenton about sharing a Police Chief. Also, sharing a Chief did not appear to be a significant cost savings. The Governing Body has always supported consolidation and sharing, but if dollars aren't saved it doesn't seem to serve a purpose. If it doesn't impact on saving dollars, Mayor Barra prefers home rule. He added that he doesn't know if the sharing option will become available in the future. They were concerned that if they appoint a Chief, at some point it may be decided that appointing a Chief wasn't the way to go. They met again with the four sergeants and explained that in the future sharing the position of Chief with two or more towns may become an option. They asked if they would agree to Allendale's Chief stepping down at that time if he was not selected to be the Chief of Police in a shared service agreement. They said they would agree to such an item being in the Chief's contract. That was an important part of the decision making process. The Chief will start effective May 1, 2011.

Ms. LaMonica then detailed the process of selecting a Chief.

Ms. LaMonica said the primary concern was to ensure a thorough and fair selection process. Together with the sergeants the Governing Body came up with a better process than they would have decided upon otherwise. The candidates will be assessed against a set of competencies that are important for a leader of the Allendale Police Department. The selection committee didn't feel they had the ability to assess technical policing ability. They have asked the NJ State Police Chief's Association to conduct an oral exam. This will be a 45 minute to an hour oral examination with each of the candidates individually. The candidates have been provided with guidelines of where the exam will be focused. The candidates will then be ranked as "pass" or "fail" with 75 percent being the point needed to pass. That exam will take place on March 1, 2011 here in Allendale. Those who pass, and all are anticipated to pass, will move on to phase two.

In Phase Two the candidates will be asked to address some key areas that will give them an opportunity to talk about what their vision is for the department around such areas as staffing, sharing services and overtime. That document will be submitted to the selection committee around the middle of March.

In addition the selection committee will be conducting an extensive interview lasting approximately 60 to 90 minutes. There will be two parts to the interview, the first being a review of the strategy document. The second part will be a behaviorally focused interview which will focus on what they have done in the past and the decisions they have made.

Each of the Police officers will also be asked to provide anonymous feedback each candidate in the form of two positives and two negatives. In addition, some of the more relevant department heads will be talked to and personnel files of the candidates will be reviewed.

The Council will then be provided with a recommendation by the middle of April to effectuate the change by May 1, 2011.

Mrs. White congratulated the Committee on their thoroughness and being very detail oriented.

Mr. Strauch said he has been public about his desire to share a Chief and he is satisfied with the direction in which they are heading. He said he is pleased with bringing in Chiefs from outside Bergen County who do not have a vested interest in this selection.

Mr. Barra said whoever the three Chief are who are chosen for the oral examination, their names will be passed on to the candidates so that anyone who is known beforehand will be eliminated.

Mr. Schoepflin said the collaboration with the sergeants to put together a package was critical. He also thanked the selection committee for their time. Finally he complimented the committee on being able to go in the direction they felt was best for Allendale.

Mayor Barra took a straw poll on authorizing the oral examination and explained a formal resolution will be put on the agenda for the next meeting. All Council members agreed to proceed with the examination.

On a motion from Mr. Strauch seconded by Mrs. White, the Council voted unanimously to adjourn to Regular Session at 9:00 p.m.

Respectfully submitted,

Gwen McCarthy
Municipal Clerk