

## **BOROUGH OF BRADLEY BEACH**

### **BUDGET WORKSHOP MEETING MINUTES**

**MARCH 23, 2021 at 6:30 pm**

A Budget Workshop Meeting of the Mayor and Council of the Borough of Bradley Beach was held by means of communication equipment, N.J.S.A. 10:4-8(b), to include streaming services and other online meeting platforms on the above date.

#### **CALL TO ORDER**

Mayor Fox 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, Gubitosi, Sexsmith, Weber, Mayor Fox  
Borough Administrator, David G. Brown II  
Chief Financial Officer, Sandra Rice  
Municipal Clerk, Erica Kostyz

Mayor Fox opened the meeting with a presentation of tentative schedules for the 2021 Budget Workshop for the Sewer Utility with the preliminary results, and predicates required to complete the 2021 Budget. Mayor Fox stated there will be additional meetings for April 13th and April 27<sup>th</sup> to discuss the Current with a final meeting on May 11<sup>th</sup> to wrap up the Budget discussions. **(Presentation sheets attached are for reference only.)**

Chief Financial Officer, Sandra Rice, began her presentation with the statement this **Workshop is not an introduction of the 2021 Sewer Utility Budget**. Ms. Rice presented a preliminary Budget Worksheet created by herself and the Finance Committee and stated she has reviewed this with the Governing Body prior to this evening's meeting.

Ms. Rice presented PowerPoint sheets for the Sewer Utility Account that showed the following Appropriation Accounts:

- Monies left over from 2020. Ms. Rice stated she has been making sure purchases are being properly allocated and not being charged to the Sewer Utility unnecessarily.
- Salary and Wages charged to the Sewer Utility for 2021.
- Operating expenses
- Additional expenses to include new Sewer pumps, Wet Well cleaning, Transfer Switch, video surveillance for the sewer, new grinder for the sewer pump and a Feasibility Study suggested by the Strategic Planning Committee for Phase II of the Sewer Project.
- TNSA preliminary bill for 2021.
- Capital Improvements
- Debt Service
- Statutory Expenditures (Social Security, Unemployment and Pension Contributions)

- Surplus to the General Fund Budget

Ms. Rice stated monies placed in reserve for expenditures and projects that are not used may be cancelled at the end of the year.

Ms. Rice explained the \$200,000 in the Surplus is a placeholder and reiterated this is not an introduction of the Budget and can be removed if not agreed upon by the Governing Body.

Ms. Rice continued in order to balance the budget the revenues will need to match the appropriations and stated other than surplus sewer rent is the only revenue the Borough has to balance the budget.

Ms. Rice concluded the questions going forward for the Governing Body are:

- Is the Governing Body satisfied as a whole with the preliminary appropriations shown this evening?
- Does the Governing Body agree with the increase in appropriations?
- Does the Governing Body agree with the use of Surplus?

Ms. Rice stated as the CFO she would be pleased to see this budget adopted by the Governing Body and feels it is a prudent budget.

#### **Council Comments on the Sewer Utility Budget Presentation:**

Councilman Weber stated due to a high surplus he is fine with additional spending and confirmed with Ms. Rice \$200,000 was moved from Sewer Utility to the Current Fund in 2020 and agreed with the understanding the money would be placed back into the Sewer Utility.

Councilman Weber stated he thought the Borough had a shared service agreement with Asbury Park for sewer line video footage.

Councilman Bonnell stated the pump truck in Asbury was never functioning when needed.

DPW Supervisor, Biagio Cofone, stated Main Street needs to be done as it is a difficult a task to share with another town. Mr. Cofone stated the cleaning and videotaping needs to be contracted out.

Councilman Weber stated due to a higher bill from TNSA for this year due to the Pandemic the Borough should look into the possibility of metering sewerage by volume in the future.

Councilman Weber inquired if there is a delay in receiving information from TNSA and if the estimated amount presented is from 2020 or the beginning of this year.

Ms. Rice replied the amount is estimated from the first quarter of this year.

Councilman Weber stated he is hoping to see the Current Fund get reimbursed from last year and for another sewer rate reduction.

Ms. Rice clarified when funds are appropriated it is not considered a loan from a budget perspective.

Councilman Sexsmith stated he would prefer not to use surplus from the Current Fund this year.

Councilman Sexsmith inquired further about the Salary Appropriations and reserves to which Ms. Rice explained how the funds are used.

Councilman Bonnell feels the salary appropriations can be kept the same as last year and is not in favor of transferring Surplus money.

Councilman Gubitosi thanked Ms. Rice and Mr. Brown for their work with the Sewer Utility Fund and stated the belief of having a significant surplus is fiction due to five phases of sewer repairs needed over the next several years. Mr. Gubitosi also stated he is not in favor of moving Sewer Surplus into the Current Fund.

Further conversation ensued between Councilman Gubitosi and Ms. Rice regarding Debt Service and Statutory Expenditures. to which Ms. Rice explained how the funding works.

**Public comments and questions for the Sewer Utility Budget Presentation:**

Thomas J. Coan, 612 Third Avenue, does not feel Sewer Surplus should be transferred to the Current Fund and allocation funds should not be made for future engineering projects without a Feasibility Study.

Mr. Coan suggested contacting NJAW to get the inflow of was for 2020.

Rick Bartolomei expressed concern with the increase from TNSA and stated surrounding towns have decreased. Mr. Bartolomei also is not in favor of transferring Surplus money.

Jim Shissias, 112 Fourth Avenue, expressed concerns with sewer rates and feels another reduction in residential rates are needed. Mr. Shissias also gave several suggestions and comparisons to other towns with regards to labor and billing.

Mayor Fox responded to Mr. Shissias stating if the Borough fully allocates funds including benefits and labor, the allocations may be more accurate than other towns.

Fox/Gubitosi moved to adjourn  
Adjourned at 7:41 P.M.

*Erica Kostyz*

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Erica Kostyz RMC, CMR  
Municipal Clerk

## **Agenda- 23-March Finance Workshop #2**

### **1. Tentative Overall Schedule-Subject to change/ adjustments**

- a. Today's agenda item- Sewer Utility**
  - i. 13-April, 27- April, 11- May**
- b. "predicates" required to complete 2021 budget**

### **2020 Preliminary results**

- a. Current**
- b. Beach Utility**
- c. Sewer Utility**

### **Sewer Utility Budget**

- 1. Trend/ Results**
- 2. Recommendations**

## **#1 Overall Schedule (subject to change basis continuing work)**

### **Today's Workshop**

- **Predicates to complete 2021 Budget -AFS completion eminent**
- **2021 Sewer Utility Budget- see below**

### **Overall Schedule:**

#### **23-March Workshop-**

- **Progress on Predicates**
- **Sewer Utility**

#### **13- April Workshop-**

- **Overall Targets/ Challenges**
- **Assumptions- Current Fund**
- **And.....TBD**

#### **27-April Workshop**

- **Final Draft Beach Utility Budget**
- **Final Draft Sewer Utility Budget**
- **Current Fund—**
- **And -TBD**

#### **11- May Council Meeting**

- **Adoption of 2021 Budget**
- **ALL DATES/ activities above SUBJECT TO CHANGE**

**1. Budget Predicates:**

- Annual Debt Statement submission
- Supplemental Annual Debt Statement
- 2019 Audit completion
- 2020 Year-end closing of books (near-completion- adjusting for 2019 balances)
- Preliminary Departmental appropriations submitted (work-in-process)
- 2020 Annual Financial Statement completed (anticipated week-1 April)

**#2 -2020 Preliminary results**

	<u>2020 Actual</u>	<u>2020 Budget</u>	<u>2019 Actual</u>
<b><u>Current Fund:</u></b>			
Revenue-			
Expense-			
Surplus used:			
<b><u>Beach Fund:</u></b>			
Revenue-	\$3,143,599	\$2,012,508	\$2,087,813
Expense-	\$1,884,201	\$2,012,508	\$1,798,517
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Surplus used-	<u>\$ 212,000</u>	<u>\$ 212,000</u>	<u>\$ 168,164</u>
<b><u>Sewer Fund:</u></b>			
Revenue-	\$2,473,888.55	\$1,965,884.00	\$2,101,751.66
Expense-	\$1,824,442.02	\$1,965,884.00	\$1,640,876.26
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Surplus used -	<u>\$325,000.00</u>	<u>\$325,000.00</u>	<u>\$120,771.00</u>

At year end 12-31-2020 the surplus in the Sewer utility is \$2,341,511.05

If the plan is to move forward with Phase II of the Sewer Rehab the rates in the utility should not be adjusted downward any further at this time.



### **#3 Sewer Utility- General Assumptions (subject to change)**

**1) Unlikely that we will change Sewer Utility rate as we did in 2020**

**2) We are proceeding with plans for “Phase II” of our Sewer Infrastructure Improvement**

- **Phase I- Bradley Blvd.-->Evergreen**
- **Phase II- Second Ave.--> Fifth Av.**
- **Phase III- Brinley Ave.--> Ocean Park**
- **Phase IV- Park Place Ave. – Kent Ave**
- **Phase V- Ocean Ave, Lake Terrace Ave.**

**3) Surplus Transfer to current fund of \$200k probable**

**4) We will be doing a feasibility study, per Strategic Plan**

**Team recommendation, to assess Public: private options**

**Sandy- please add any other appropriate assumptions you think helpful.**

**At year end 12-31-2020 the surplus in the Sewer utility is \$2,341,511**

**The plan is to move forward with Phase II of the Sewer Infrastructure plan-**

**utility should not be adjusted downward any further at this time.**

**On the moving of Surplus from any utility :**

**40A:4-35.1. Transfer of surplus revenue To the extent there is available surplus revenue collected by a municipality pursuant to chapter 62 of Title 40 of the Revised Statutes for supplying a utility service which is regulated by the Board of Public Utilities pursuant to subsection d. of N.J.S.40A:31-23, an amount not to exceed 5% of the annual costs of operation of the utility may be transferred annually from the accounts of the municipal utility and included in the local budget pursuant to N.J.S.40A:4-35. L.1983, c. 111, s. 5; amended 1989, c. 109, s. 2**

**TNSA bill went up over last years bill from \$708,440.00 to \$781,340.00**

**As per information that was provided to David from TNSA this is primarily related to an increase in flow rate.**

**Now, more detailed review showing Sewer Utility Budget Sheets**