

**MINUTES
SPECIAL MEETING
MUNICIPAL COUNCIL – BOROUGH OF RED BANK
MARCH 9, 2005
5:30 P.M.**

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT: Mayor McKenna and Council Members Beck, Lee, Menna, Bifani, Murphy, Curley.

ALSO PRESENT: Administrator Sickels, Borough Clerk Vivona, Chief Financial Officer Whalen and Attorney Pringle.

ABSENT: Engineer Kosenski.

SUNSHINE STATEMENT

Mayor McKenna requested the minutes reflect that, in compliance with Public Law 1975, Chapter 231 (Open Public Meetings Act), notice of this meeting has been provided by notifying the Asbury Park Press, the Courier, the Two River Times and the Star Ledger and by placing a notice on the bulletin board and filing same with the Borough Clerk on March 4, 2005.

ORDINANCES – First Reading

2005-14 Mayor McKenna read “AN ORDINANCE OF THE BOROUGH OF RED BANK, COUNTY OF MONMOUTH, NEW JERSEY AMENDING CHAPTER XX “WATER AND SEWER”, SECTIONS 20-3 “WATER DEPARTMENT” AND 20-4 “SEWER DEPARTMENT” OF THE REVISED GENERAL ORDINANCES OF THE BOROUGH OF RED BANK.”

Mr. Curley offered a motion to defeat the ordinance because the Water Department has been running in a deficit for three years now and it has been a losing proposition and we should sit back and consider the future of the Water Department because he does not think the residents can afford another increase for the third year in a row because now we have to put in another \$400,000.

Mayor McKenna asked Councilman Curley if he had spoken to Mr. Kaplan because what he is proposing is completely illegal because the Water and Sewer Utility has to be by law self sufficient and suggested that the Finance Committee look at revamping the department or selling it but at this point in time we must increase the rates. He said that it has not been self sufficient for the last two years because of the rain and drought patterns and a major sewer collapse but before that we did not have an increase for 10 years. He suggested that he meet with Mr. Kaplan and Mr. Whelan and discuss the various options regarding the Utility but at this time we do not have a choice and have to adopt the increase. He said that each year when we do the road programs we televise the infrastructure but sometimes you can not always foresee a major problem because we have a very old infrastructure in town and another area that has caused a deficit was the water meter replacement program because the projections that were given by our previous CFO were much lower than anticipated. He said that we have been very prudent but we have just had a series of unfortunate events. We do not want to raise the rates again but we have an obligation to comply with the law and this Utility has to be self-sufficient. Mayor McKenna said that he would like to hear a motion to introduce the ordinance.

Mr. Menna offered a motion to adopt the ordinance on first reading and said that he was at the same Finance Committee Meeting with Mr. Curley when all of this was discussed and agrees with Councilman Curley that we should review the future of the Water and Sewer Utility; he said it should be discussed and that previous Governing Bodies looked into selling it but at that time it did not make sense financially.

Councilwoman Beck said that if we adopt the ordinance we should amend it to say that if we implement a rate increase we should go forward with a cost benefit analysis to see if we should privatize or sell the Utility and said we are mandated to buy water from New Jersey American Water Company part of the year and it makes a lot of sense to look at selling it to them.

Mayor McKenna said that he agrees with Councilwoman Beck and said that we have looked at privatizing the Utility numerous times and found that the people that would suffer the most are the residents because each analysis came back significantly raising the rates and we want to protect the residents but thinks it should be looked at again. He said the problem in the past has been when organizations come in that are interested in buying the Utility and look at our infrastructure and find out that it is very old and said that has an effect on the price.

Councilwoman Beck said that she would like to review that last set of proposals that were received to get some kind of idea of where we are at and reference the work that has already been done regarding the sale of the Water Utility.

Councilman Menna said the last full-scale analysis was done when Sally Levine was administrator and that was over ten years ago and there have been so many changes that he thinks they would not be useful.

Councilman Curley said that if we sell the Utility we are giving them a brand new well but there is a lot of debt service, he also voiced his concern about Government being in a business that he does not think they should be in and said that other Council Members have said that our water bills are a little high compared to adjacent municipalities.

Mayor McKenna said that it is very difficult for us to compare our water bill to other municipalities because our bill covers both water and sewer and we are not a member of the Two River Water Reclamation Authority and that hurts because we use to have our own sewer plant and we had the best prices around but the State made us close our facility and tie in to the Two River Water Reclamation Authority and that hurt us because we were not a member but a customer and we get charged a higher rate. He said another reason the prices have increased is because there has been a 20 million dollar upgrade that was mandated by the State to the Two River Water Reclamation Authority facility and we have to pay for this improvement and we are the second largest customer.

The Members of the Governing Body discussed the current price structure stating that the sewerage rates are 120 percent of the water bill and also discussed the water meter replacement program and the testing of the new meters to make sure they were billing accurately.

Councilman Curley said that he made a motion to defeat the ordinance; Mayor McKenna asked if there was a second to the motion, hearing none he said the motion would not be approved.

Mr. Menna offered a motion to approve the ordinance, seconded by Mr. Bifani.

ROLL CALL:

AYES: Lee, Menna, Bifani, Murphy

NAYS: Beck, Curley

There being four ayes and two nays, the ordinance was declared adopted on first reading.

Public hearing and final adoption scheduled for March 28, 2005.

2005-15 Mayor McKenna read "AN ORDINANCE ESTABLISHING A CAP BANK."

Mr. Murphy offered a motion to adopt the ordinance on first reading, seconded by Mr. Menna.

ROLL CALL:

AYES: Beck, Lee, Menna, Bifani, Murphy, Curley

NAYS: None

There being six ayes and no nays, the ordinance was declared adopted on first reading.

Public hearing and final adoption scheduled for March 28, 2005.

RESOLUTIONS

05-61 Mayor McKenna read "A RESOLUTION AUTHORIZING INTRODUCTION OF 2005 MUNICIPAL BUDGET."

Councilman Curley said that he would support the introduction of the budget tonight so that we would be able to apply for extraordinary aid and said it still needs a lot of work.

Councilwoman Beck said she had spoken to Mr. Whelan and that she is very disturbed about a 6.8 cent tax increase and the amount of debt that would be coming on the books this year and said that she had asked for a spread sheet of all of our debt to see where we are at especially since we are talking about major renovations and expenditures at Marine Park. She said that she would not be supporting the introduction of the budget.

Mayor McKenna said that it is only on for introduction tonight and we still have over 30 days to look at cuts but that we have contractual obligations that make up a substantial amount of the increase. He said we would keep working and come up with the tightest budget we can.

The Members of the Governing Body discussed the revenue generated from the hotel/motel tax and said that the Finance Committee would continue to work on lowering the budget increase and said that this is not the final number.

Mr. Curley offered a motion to approve the resolution, seconded by Mr. Menna.

ROLL CALL:

AYES: Lee, Menna, Bifani, Murphy, Curley

NAYS: Beck

There being five ayes and one nay, the resolution was declared approved.

AUDIENCE

Judy Hathaway – 44 Ambassador Drive – said she would like a description of a specific line item, other expenses.

Mr. Whelan said that at this time he does not have the breakdown for this line item and said that Ms. Hathaway would be welcomed to come to his office and review the numbers from last year.

ADJOURNMENT

Mr. Menna offered a motion, seconded by Mr. Murphy to adjourn the meeting.

ROLL CALL:

AYES: Beck, Lee, Menna, Bifani, Murphy, Curley

NAYS: None

There being six ayes and no nays, the motion was declared approved.

Respectfully submitted,

Carol A. Vivona