



**JEN GIATTINO**  
City Council President

**TIFFANIE FISHER**  
Councilwoman  
Chair of Finance and  
Revenue Subcommittee

May 13, 2019

Ms. Melanie Walter  
Division of Local Government Services  
Department of Community Affairs  
101 South Broad Street  
P O Box 800  
Trenton, NJ 08625-0800

Dear Director Walter:

We are writing to request that you approve the Hoboken 2019 Municipal Budget as amended that we co-sponsored and the City Council approved by a vote of 8-1 at the City Council meeting on May 1<sup>st</sup>, 2019 ("Council Amended Budget"). If approved by your office prior to the close of business on Wednesday, May 15<sup>th</sup>, the Hoboken City Council will be able to vote on adopting the Council Amended Budget after the public hearing that evening. We have provided herein supporting information that we hope you will find useful as you complete your review for the \$836,000 of net changes proposed in the Council Amended Budget.

We know you were sent additional information at the end of last week from the city administration including multiple "impact letters" from department heads and a letter sent by Hoboken CFO George DeStefano that attempts to summarize the various letters and say the Council Amended Budget is underfunded. Below and attached you will find a summary setting forth the Council's position on the budget. We reference the letters sent by the administration, many which support our proposed changes, and we also refute what we believe are unsubstantiated conclusions by Mr. DeStefano. **We strongly believe the Council Amended Budget is a fully funded budget and provides a framework so that all recommendations can be adopted without underfunding any appropriations.**

As you read these materials and complete your review of the Council Amended Budget, we urge you to consider the following:

- **The Council Amended Budget reflects the Council's<sup>11</sup> views that in this rising cost environment, it is important for the City of Hoboken's administration to show to the taxpayers of Hoboken that it can and will "do more with less" while sustaining municipal services, supporting wage increases for our lowest paid employees, cutting administrative costs and above average salary increases and supporting our seniors and public safety teams.**
- **The Council Amended Budget is an informed proposal that incorporated many hours of discussions between City Council members and senior management of the administration including, but not limited to, public budget workshops held across three nights for the following nine departments: Administration, City Clerk, Corporation Counsel, Community Development, Fire, Police, Hoboken Parking Utility, Environmental Services, and Health and Human Services.**

- **The Council Amended Budget has already been reduced by \$172,000 to \$836,000 from the initial Council proposal reflecting input received from senior management within the administration** and specifically restoring \$162,000 to certain salary and wages line items when we realized the cuts went too far and may have impacted the ability for certain areas to pay salary increases to some of our lowest earning employees.
- **Two thirds of the changes in the Council Amended Budget come from reductions in excesses in controllable “Other Expenses”.** There were specific situations where the Council felt there were excesses in terms of egregious salary increases or unessential headcount, but overall cuts in Salary and Wages were minor, reflecting excess budgeted amounts that could be reduced without cutting into adequate compensation for our employees.
- **Many, but not all, of the changes in the Council Amended Budget were expressly agreed with members of senior management within our administration prior to the Council vote on May 1<sup>st</sup>.** Where the changes were not agreed was generally where our views differed on unessential staffing levels, excess estimates for legal costs and above average pay raises in certain administrative areas. The Council feels these types of excesses are not appropriate as Hoboken taxpayers are faced with potentially sizable tax increases.
- **Although we asked that the administration to review the Council Amended Budget for completion and correction, they did neither.** As a result and as you will read below, \$75,000 of the changes proposed for Sanitation relating to snow removal should have been made to Streets and Roads. And \$7,000 of the changes in HPU for the down payment on a new HOP bus is not necessary at all. We hope you agree that the solution is to allow the governing body to correct these errors.
- **The Council Amended Budget is only an approximate .7% reduction in the total \$117 million proposed 2019 budget** spread across 24 specific items and arguably should be able to be adopted.

Please feel free to contact us if you have any further questions. We thank you in advance for valuing the 8-1 vote in favor of the Council Amended Budget and for your support for the governing body’s statutory authority to appropriate funds and establish the property tax levy.

Sincerely,

Councilwoman Jen Giattino  
Council President

Councilwoman Tiffanie Fisher  
Chairwoman, Finance and Revenue Subcommittee

CC: Christine Zapicchi, Assistant Director  
Emily Alexopoulos, Budget Examiner

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[1] When we reference the “Council” we are referring to those who voted in favor of the Council Amended Budget.

## 2019 COUNCIL AMENDED BUDGET SUMMARY

The chart below summaries the changes proposed in the Council Amended Budget. The list is ordered by size from big to small. The discussion of these items will follow this order generally except as noted.

### Municipal Budget

Department	Total \$ Change	Comments
Environmental Services <sup>1</sup>	(220,000)	Amount carting contract came in under budget net of increased recycling costs.
Administration	(125,000)	Reduction in special counsel costs; still \$990K total and 9% more than historic average spend.
Administration	(115,000)	Restore costs of mayor's office to 2017 levels - up 115% in 2 yrs. and included salary increases of 10-28%.
HPU	(96,000)	Increase use of HPU surplus from \$3.2M to \$3.296M (was \$4.5M in 2019 and historically above \$4M).
Police	(75,000)	Delay purchase of new motorcycles.
Environmental Services <sup>1</sup>	(75,000)	Use of "snow & ice removal trust" (currently at \$196K) to offset current year budget of \$90K.
Administration	(50,000)	No re-hire of assistant business administrator.
Administration	(40,000)	Reduce amounts proposed for run-off elections (still assume 3 of 6 ward elections will have runoffs).
Administration	(35,000)	Reduce excess budgeted amounts relative to historical averages in Municipal Court (2.5% of total).
Police	(30,000)	Reduce excess budgeted amounts relative to historical averages in Office, Mtn Contr, Equip & Supplies.
Administration	(25,000)	Expected allocation under new Water Utility.
Administration	(15,000)	Reduce excess budgeted amounts in Tax Assessor OE (still 20K over 2018 act).
Administration	(14,000)	Reduce proposed salary increases of 6-20% to 3%.
Community Development	(9,000)	Reduce proposed 4-10% salary increases to 3%
Community Development	(5,000)	Reduce stipends in planning to 50% of proposed.
Administration	(5,000)	Reduce excess budgeted amounts in Rev. & Fin.
Health	2,000	Restore Seniors Budget to 2017.
Capital Fund	6,000	Down payment for new Senior ADA compliant van at est. cost of \$60,000
Fire	90,000	Increase for new Fire Chief salary and firefighter/OT - TBD by Fire Chief possibly offset by reduction in Fire Vacation Buy Back
<b>Budget Amendment</b>	<b>(836,000)</b>	<b>Reduces tax rate increase to 1.3%</b>

<sup>1</sup> These were combined into one \$295,000 proposed change to Sanitation; the snow removal change of \$75,000 was incorrectly included in sanitation and should be moved to Streets and Roads. Other than the account name, there are no other changes.

## Hoboken Parking Utility Budget

Department	Total \$ Change	Comments
HPU	(63,000)	2019 OE budget of \$3.4M is fairly flat to 2018 and 2018 underspent budget by \$664K; Proposed reduction reflects only a 1.9% decrease in total which should be able to absorbed within estimates across many items.
HPU	(40,000)	HPU has operated at ~85% staffing levels; this is a small reduction of only 0.85% of total S&W.
HPU	7,000	Down payment for new HOP at est. cost of \$70,000
HPU	96,000	Increase use of HPU surplus from \$3.2M to \$3.296M (historically above \$4M)
<b>BUDGET AMENDMENT</b>	<b>(0)</b>	<b>No net increase to HPU Budget</b>

## 2019 COUNCIL AMENDED BUDGET – SUPPORTING INFORMATION

### \$220,000 / \$75,000 Reductions Relating to Sanitation and Snow Removal

#### BUDGET AMENDMENT: SANITATION - OTHER EXPENSES TOTAL \$295,000 REDUCTION

On the Council Amended Budget, these were grouped together as a \$295,000 reduction to Sanitation. However, based upon comments in the information provided to you in the DeStefano Letter and the Gonzalez Impact Letter, it looks we made an error in that the Snow Removal related cuts should have been made to Streets and Roads instead of Sanitation. The administration did not make us aware of this before the Council Amended Budget was submitted for your review.

- \$220,000 in Sanitation.
  - Amount provided by Director Gonzalez and reviewed and agreed with Business Administrator Marks and Deputy Chief of Staff to Mayor Bhalla, Jason Freeman on 5/3.
  - Background: The original source of this large number came during the Public Budget Workshop for Environmental Services where Director Gonzalez informed us that the contract bids for carting came in approximately \$300,000 lower than what she had budgeted. She expected certain recycling costs to be higher by approximately \$50,000.
  - Outcome: We agreed that on a net basis we could cut \$220,000 in Sanitation Other Expenses without disrupting services and this appropriation would remain fully funded.
  - **Gonzalez Impact Letter** supports \$220,000.
  - **DeStefano Letter (#1)** supports \$220,000.
- \$75,000 for Snow and Ice Removal.
  - This amount was incorrectly included under Sanitation and should instead be included under Streets and Roads.
  - Background: This was discussed during the Public Budget Workshop for Environmental Services where it was disclosed that Hoboken has a Snow and Ice Removal trust with a cumulative and outstanding balance of \$196,000 balance – over 2x the 2019 budget for the entire year. The Council inquired about the possibility of using funds from this trust in the current year. We were told the 2019 Budget included \$90,000 for snow and ice removal across three categories. Snowplowing, Salt, Snow removal overtime. Note, we asked if any regular S&W are in these numbers and was told that this does not include regular pay for snow related activities but in theory these could also be included as well. We were also provided a copy of the dedication by rider for the Snow Removal trust account passed by the City Council in 2012 which allows funds in the trust to be used for “snow removal” related expenses.

Given the large balance in the trust, we proposed reducing the 2109 Budget for snow removal by \$75,000 down to \$15,000 combined across the three categories relating to snow and ice removal. Once spending in these three categories exceeded the \$15K, the trust would be drawn for the remainder of the costs. If the full \$75,000 is used, \$121,000 would remain in the trust which would still be sufficient to ensure health and welfare of residents in the event of significant snow and ice events. The Gonzalez Impact Letter states that \$55,000 has been spent to date across the three snow removal categories, but it is unclear as to how much of the \$24,000 of salary and wage is included if any. Assuming only \$31,000 of Other Expenses are included, then with the proposed change, the trust would fund \$16,000 of the amounts spent to date.
  - Outcome. Although we discussed at length, we generally agreed with the administration that we could make use of some portion of the trust, but we did not come to agreement on the

**amount. The Council moved forward with its proposal to reduce appropriations by \$75,000. Although the remaining amount of the appropriation is less than what has been spent to date, the express availability of the trust to be used to fund/reimburse these expenses means that there is no risk that the budget will be underfunded. Additionally, given the large amount that has accumulated in the Snow Removal trust fund, the Council does not agree that reducing the amounts by \$75,000 is either a financial risk to the city or a public health and safety risk to Hoboken residents.**

- Subsequent events: Throughout our discussions with Director Marks, Director Gonzalez and Director Leo Pelligrini (former Environment Services Director), at no time was it discussed that the trust account could or should be used for anything other than snow removal related activities. The **Gonzalez Impact Letter** is now representing that this trust can be used for weather events other than snow removal under NJSA 40A:4-62.1 which was amended in 2014 after Hoboken’s snow removal trust was established. She goes on to introduce that this is the sole trust for storm recovery which has never been the case previously and was never raised in any discussion with any of the directors. Even with this change in law, the dedication by rider passed by the City Council in 2012 for the Snow Removal trust fund has not been amended by the City Council to reflect this change in law and still only allows the amounts to be used for snow removal.
- **The Gonzalez Impact Letter** now states that it is not supportive of using any amounts in the trust, contrary to prior discussions.
- **The DeStefano Letter (#11)** seems to agree with the discussions had about using the trust and highlights that the change proposed was incorrectly categorized under Sanitation. He seems to further suggest that the changes would result in underfunding, but that wouldn’t be the case given the availability of funds in the snow removal trust account.

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## **\$125,000 Reductions Relating to Special Counsel**

### **BUDGET AMENDMENT: CORPORATION COUNSEL - OTHER EXPENSES SPECIAL COUNSEL TOTAL \$125,000 REDUCTION**

One of the biggest, somewhat discretionary line items in the Hoboken Municipal Budget is Special Counsel. This relates to outside attorneys used for activities such as land use, redevelopment, litigation and tenant advocacy. As described in the **DeStefano letter (#2)**, this “category is difficult to project exactly since it depends upon current and future cases”. What we do know is that we spend a LOT in special counsel fees and the City Council has repeatedly expressed concerns with spending under this category.

- Background: Throughout 2018, members of the City Council expressed concerns about amounts being spent on Special Council. Early in 2019, the City Council limited approvals for Special Council to reflect near term activities only as opposed to awarding full year contract estimates in order to help keep better track of spending in this category going forward. During the Public Budget Workshop for Corporation Counsel, the Brian Aloia, Hoboken’s Corporation Counsel provided no information on what was included in the Special Counsel line item in the 2019 budget other than that Mr. Aloia reduced the budget by \$100,000 to \$1,115,000. Leading up to the Council Amended Budget, we reviewed prior resolutions for approvals in 2019 and historic amounts budgeted and spent. **In the DeStefano Letter (#2)**, he cites that the 2018 actual amounts spent were \$1,081,838, higher than the proposed \$990,000 in the Council Amended Budget and driven by many costs that are non-recurring in 2019. 2018 was in fact much higher than the three years prior (2015-2017) which in part added to our concerns. In those three years, in all cases Special Counsel was lower than what is being proposed in the Council Amended Budget:
  - 2017 - \$922,430
  - 2016 - \$759,758

- 2015 – \$869,249
- 2015-2018 average spend - \$904,816

Although the **Aloia Impact Letter** states correctly that we did not reach out to Mr. Aloia prior to submitting the first draft of the Council Amended Budget, we did reach out subsequent to this first submission requesting more information from him on what has been spent to date in Special Counsel with the intent on helping to shape any amendments to the amount we were proposing (like we did with other Directors). Mr. Aloia’s response was that we would have the amounts by the end of the week (have not yet received), that “we are going to begin the process of paying the invoices received for this year” and that “no invoices for outside attorneys for 2019 have been paid to date”. In the **Aloia Impact Letter**, Mr. Aloia still provides no information on what is in the Special Counsel line item other than to say he will be cutting the remainder of tenant advocate, a highly contentious action given this person provides necessary services for tenants facing eviction. The amount of this cut is \$32,000 or roughly only 3% of the total Special Counsel budget.

- **Outcome:** The Council Amended Budget at \$990,000 for Special Counsel is still 9.5% higher than the historic average, and only slightly less than 2018 which was a year with significant legal costs. The Council feels strongly that Special Counsel costs can and should be run more with more discipline, efficiency and transparency and that based upon what we know, \$990,000 is sufficient to address all currently foreseen activities requiring special counsel and therefore this revised budget is fully funded.
- The **DeStefano Letter (#2)** merely suggests the change should be reversed.

## **\$115,000 Reductions in Mayor’s Office**

### **BUDGET AMENDMENT: MAYOR’S OFFICE – SALARY AND WAGES TOTAL \$115,000 REDUCTION**

Since 2017, the last year of the prior administration, the current administration has reshaped and repositioned the activities of the mayor’s office – moving constituent services out of the mayor’s office to its own department, adding headcount, and increasing salaries. The result is that Salary and Wages relating to the activities of the mayor’s office (other than the mayor) have increased \$208,000 or 115% in two years (this also includes the office of constituent services). While the Council is supportive of the new constituent services effort, it does not feel that the mayor’s office should be expanded when the duties of the mayor’s office have reduced.

- **Background:** In 2017 and for many years previously, there were two people in the Mayor’s Office other than the mayor, handling the functions that fall within the office including supporting the mayor, constituent services, and communications for the City of Hoboken. In 2018, a separate office for constituent services was established with one headcount. Thus we have reduced responsibilities in the mayor’s office yet increased headcount to three (4 including constituent services) resulting in significant overlap in responsibilities. And in 2019, constituent services was expanded further by ½ headcount (a job sharing role) so total headcount is now 4.5. Additionally, in both 2018 and 2019 the staff in the mayor’s office received above average salary and wage increases ranging from 6-28% in each year.

Total Salary and Wages and Headcount (excluding mayor, including constituent affairs):

- 2017 - \$181,158 (2)
- 2018 - \$346,511 (4, incl. constituent affairs)
- 2019 - \$389,500 (4.5 incl. constituent affairs)
- **2019 vs. 2017 increase 115%**

Total Salary and Wages and Headcount (excluding mayor, mayor’s office only):

- 2017 - \$181,158 (2)
  - 2018 - \$276,511 (3)
  - 2019 - \$298,000 (3)
  - **2019 vs. 2017 increase 65%**
  - **Outcome: The Council Amended Budget calls for a reduction of \$115,000 to \$299,950. The mayor's office will not be fully funded if it continues to be staffed the way it currently is, so changes will need to be made to staffing and/or salaries in order for it to be fully funded. The Council believes that given the creation of the office of constituent services, the mayor can reduce the costs of his office to that of 2017 and still be able to maintain essential services and support.**
  - **The DeStefano Letter (#3)** provides no justification for the increased appropriations. His comments are limited to a potential reduction in headcount that may be necessary to work within the proposed lower appropriation which is consistent with what the Council Amended Budget.
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### **\$75,000 Reductions in Police for New Motor Cycles**

#### **BUDGET AMENDMENT: POLICE - ACQUISITION OF POLICE VEHICLES TOTAL \$75,000 REDUCTION**

- **Background:** During the Public Budget Workshop for Police, Police Chief Ferrante requested \$75,000 to purchase new motorcycles to replace ones currently in service. We spoke with him subsequently and asked that he delay the purchase and he agreed.
  - **Outcome: Council Amended Budget removes the entire purchase of these motorcycles from the 2019 budget.**
  - **Ferrante Impact Letter** supports this action.
  - **DeStefano Letter** makes no mention of this.
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### **\$50,000 Reductions in Business Administration to Not Replace Assistant Business Administrator**

#### **BUDGET AMENDMENT: BUSINESS ADMINISTRATOR'S OFFICE – SALARY AND WAGES TOTAL \$50,000 REDUCTION**

- **Background:** For the past three years, a significant portion of the Assistant Business Administrator's role was to manage the largest public works project the city has ever undertaken. This project just concluded and the ABA resigned in February. Concomitantly, the city created an engineering department that has taken over these types of responsibilities. We discussed freezing the hiring of this role with the Business Administrator and although his preference would be to hire, he has demonstrated his ability to work within the staffing in City Hall without this role so therefore we have recommended not rehiring this position this year and we will re-evaluate next year.
  - **Outcome: The Council Amended Budget freezes the rehiring of this position removing the \$50,000 that were included in the 2019 budget.**
  - **DeStefano Letter (#4)** stipulates to Council Amended Budget.
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## **\$40,000 Reductions in City Clerk for Run-Off Elections**

### **BUDGET AMENDMENT: OFFICE OF THE CLERK – OTHER EXPENSES – ELECTIONS TOTAL REDUCTION \$40,000**

In 2017, Hoboken voters elected by referendum to reinstate run-offs in municipal elections which will impact Mayor and City Council elections. If required, these will occur the first Tuesday in December. Every four years there are elections for the six ward City Council seats and 2019 is the next ward election.

- **Background:** During the Public Budget Workshops for the City Clerk, we discussed the significant increase in the budget for elections. The Clerk stated that the driver for the increase was both it being a ward election year (six separate elections), but also the addition of run-offs. The budget assumed run-offs would occur in all six wards. Although we cannot predict what will happen, the Council feels it is highly unlikely there will be runoffs in all wards and it would be imprudent to budget for this scenario. The Clerk provided us with the \$40,000 reduction assuming the more likely scenario that run-offs would occur in up to three of the six wards.
- **Outcome:** The Council Amended Budget reduces the appropriations for elections by \$40,000 to \$133,000. Because this is a more likely assumption, this line item can be considered fully funded.
- The DeStefano Letter (#6) states that if there are more than three runoffs, there would be insufficient funds in this line item. Given the timing and costs and decreasing likeliness for each additional run-off, there may be need for alternative funding (via budget transfers etc.) however the probability is low.
- The Farina Impact Letter does not address this matter.

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## **\$35,000 Reductions in Municipal Court Removing Excesses in Salary & Wages**

### **BUDGET AMENDMENT: ADMINISTRATION – MUNICIPAL COURT, SALARY AND WAGES TOTAL REDUCTION \$35,000**

- **Background:** The costs surrounding our Municipal Court historically have not been discussed in any detail during the budget process. Given the looming tax increase, this year the Council reviewed these costs in more detail and found excesses within the budget that supported \$35,000 of reductions in Salary and Wages.
- **Outcome:** The Council originally had proposed \$70,000 in reductions, but the administration pushed back on any reductions. The Council reduced its proposal by 50% to \$35,000. The 2019 budget of \$1,269,249 was 10% / \$115,000 higher than 2018 actual spend. Reducing by \$35,000 still provides a fully funded appropriation with sufficient cushion for planned salary increases.
- The Judge Mongiello Impact Letter supports the Council Amended Budget proposed change.
- The DeStefano Letter does not address this matter.

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## **\$30,000 Reductions in Over Budgeted Other Expenses in Police Department**

### **BUDGET AMENDMENT: POLICE – OTHER EXPENSES TOTAL \$30,000 REDUCTION**

- **Background:** After the Public Budget Workshop for Police, we reviewed the budget in more detail comparing the 2019 budget to actual spend and found that overall, 2019 budget for Other Expenses was \$170,000 higher than what was spent in 2018 with three line items in particular – Office Supplies, Maintenance Contracts and Equipment and Supplies accounting for \$110,000 of this gap. We spoke with Chief Ferrante and asked if he could reduce his budget by \$30,000 and still meet the needs of his department and he agreed.
- **Outcome:** Council Amended Budget removes \$30,000 from Other Expenses leaving it with the Police Chief to determine which specific items he will reduce. These changes will not result in any underfunding of appropriations in the Police Department.
- **Ferrante Impact Letter** supports this action.
- **DeStefano Letter** makes no mention of this.

## **\$25,000 Reductions in Salary and Wages in Engineering Department**

### **BUDGET AMENDMENT: ENVIRONMENTAL SERVICES, CITY ENGINEER – SALARY AND WAGES TOTAL \$25,000 REDUCTION**

In 2018, the City of Hoboken created an engineer department for the first time in a decade to address the myriad public and private development activities that impact Hoboken residents on a daily basis. Whether it is Hoboken projects like Washington Street and the many water system upgrades or a large scale private development that requires street closures and staging on Hoboken’s streets. This department includes a City Engineer and a Construction Project Manager and three additional employees moved from another department.

Additionally, for the past two years, the City of Hoboken has been negotiating a new water contract with Suez, its water provider and on May 1<sup>st</sup>, 2019 the City Council approved a new contract and the establishment of a Water Utility. Ultimately what that will do is allow the City of Hoboken to take full ownership of its water system, retain all water revenues and pay Suez a fixed fee going forward. Estimated annual revenues available to the City for upgrading the system increase significantly and are expected to be as follows:

- Total water revenues generated in Hoboken - \$9 million
- Cost of Water - \$4 million
- Fixed payments to Suez - \$3 million
- Remaining revenues to Hoboken to use for system upgrades (including debt service on bonds, allocation of labor etc..) - \$2 million.

The City historically received only \$350,000 under existing contracts and has paid for all water upgrades over and above this amount. The new water utility which will be set up July 1<sup>st</sup>, will now be self-funding and able to cover the City’s costs of managing, maintaining and upgrading the water system within the utility. Although it is not anticipated that the utility will have any direct employees, it will be able to cover expenses incurred including an allocation of City’s labor that is used to in managing the system. Specifically, the City is currently planning for \$10,000,000 of water system upgrades over the next two years, with an additional \$23,000,000 in the years that follow. City labor for these projects includes managing the bid and approval process for the system designs, coordinating and city oversight of the projects that will tear up multiple miles of streets in Hoboken and ultimately reviewing the work and paying the contractors. Although we understand this is a new utility and cannot be budgeted, the activities mentioned above are already underway and the amount of labor can be estimated and quantified.

- **Background:** The initial draft of the Council Amended Budget requested \$50,000 in reduction in Salary and Wages given what seemed to be a large increases for new hiring (\$381,716 in 2019 vs. \$135,385) reflecting a combination of delaying new hires and allocations to the new utility. After discussing this with the Business Administrator, we came to understand the increase in the line item related to moving

headcount from another area. We also agreed based upon an estimate of work on the system, that a \$25,000 reduction in this line item can be supported.

- **Outcome:** After confirming with the Business Administrator, the Council revised the Council Amended Budget from a \$50,000 reduction to a \$25,000 reduction of this line item. Given the signed contract with Suez and the significant incentive the city has to increase the amount of revenues its able to use annually for system upgrades from \$350,000 to \$2 million, it can be foreseen that the utility will be established and therefore provide a funding source for the proposed \$25,000 in cuts ensuring that this line item will not be underfunded in 2019.
  - **Kraft Impact Letter supports reducing this line item, but only by \$20,600, \$4,400 short of the \$25,000 reduction.** This amount reflects 1.1% of the total Salary and Wages and if allocation for the full \$25,000 cannot be accommodated by year end, then a budget transfer for this small amount could be accommodated from Environmental Services, Director's Office – Salary & Wages. No cuts were taken here for allocation to the water utility, but Director Gonzalez spends a considerable amount of her time on the water system, having been the lead person from the administration establishing the utility and will no doubt be able to allocate a portion of her Salary and Wages to the new Utility.
  - **DeStefano Letter (#5) reads inconsistently with the Kraft Impact Letter and simply concludes with uncertainty about the reduction.**
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#### **\$15,000 Reductions in Over Budgeted Other Expenses in Tax Assessors Department**

##### **BUDGET AMENDMENT: OFFICE OF THE TAX ASSESSOR – OTHER EXPENSES TOTAL \$15,000 REDUCTION**

- **Background:** After the Public Budget Workshop for Administration, we reviewed the budget in more detail comparing the 2019 budget to actual spend and found that overall, 2019 budget for Other Expenses was \$35,000 / 19% higher than what was spent in 2018.
  - **Outcome:** Council Amended Budget originally recommended reducing the line item by \$20,000 but after receiving input from the Business Administrator, we reduced the cut to \$15,000. The Business Administrator did not agree with this revised amount. Given recent spend in this department and no justification provided for keeping the budget at the higher amount, the Council Amended Budget will not result in an underfunded allocation based upon foreseen activities.
  - **Landolfi Impact Letter** provides additional justification for not reducing this line item due to increased costs relating to the proposed Special Improvement District. As of this writing, the Special Improvement District has not yet been established, although work is being done to accomplish this by the end of September with the hopes of the first assessment being billed in October. So at most, any costs attributable to this – as noted updating tax maps – would be only for a portion of the year and should be absorbed in the remaining \$20,000 cushion that is still in the line item vs. last year's spend.
  - **DeStefano Letter** states that the reduced amount is less than amounts spent in 2018, which is inconsistent with what is provided in the budget. Additionally he stipulates to the proposed Special Improvement District.
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#### **\$14,000 Reduction to Keep Salary Increases to 3%**

##### **BUDGET AMENDMENT: ADMINISTRATION, CORPORATION COUNSEL – SALARY AND WAGES TOTAL \$14,000 REDUCTION**

- **Background:** After the Public Budget Workshop for Corporation Council, we reviewed the budget in more detail and found Salary and Wages included proposed salary increases averaging over 14% ranging between 6% and 21%. In a year where taxpayers are facing significant increases, the Council felt these increases should be no higher than 3%.
  - **Outcome:** **The Council Amended Budget includes \$14,000 reduction in Salary and Wages yet still allows for salary increases and did not impact the amount budgeted for over time.**
  - **Aloia Impact Letter** does not support this change but provides support as to why he believe his staff should be paid such high increases.
  - **DeStefano Letter (#7)** stipulates that the impact would be lower salary increases.
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### **\$9,000 Reduction to Keep Salary Increases to 3%**

#### **BUDGET AMENDMENT: COMMUNITY DEVELOPMENT, ZONING ADMINISTRATION – SALARY AND WAGES TOTAL \$9,000 REDUCTION**

- **Background:** After the Public Budget Workshop for Community Development, we reviewed the budget in more detail and found Salary and Wages included proposed salary increases averaging 7.5% ranging between 3.8% and 9.8%. In a year where taxpayers are facing significant increases, the Council felt these increases should be no higher than 3%.
  - **Outcome:** **The Council Amended Budget includes \$9,000 reduction in Salary and Wages to yet still allows for annual salary increases so the appropriation will not be underfunded.**
  - **Brown Impact Letter** gives rationale for certain of the above average increases including compensating certain employees for increase in job responsibilities in 2013. He also suggests that by removing these increases he may have to choose between hiring a new planner. These are in two different areas and the council has approved amounts for a new planner in the Community Development department. Given the increases that taxpayers are facing, this is the year tough decisions need to be made.
  - **DeStefano Letter (#9)** stipulates that the line item will not be underfunded at year end.
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### **\$5,000 Reducing Stipend to 50%**

#### **BUDGET AMENDMENT: COMMUNITY DEVELOPMENT, PLANNING BOARD – SALARY AND WAGES TOTAL \$5,000 REDUCTION**

- **Background:** During the Public Budget Workshop for Community Development, we learned that the Planning Board Secretary would be expanding her responsibilities to assist the Zoning Office and would receive a \$10,000 stipend for this. Given the change in responsibilities, but in the face of significant tax rate increases, the Council felt the stipend should be reduced to \$5,000.
- **Outcome:** **The Council Amended Budget includes \$5,000 reduction in Salary and Wages allows for annual salary increases/stipend and no change to over time required for this role so the appropriation will not be underfunded.**
- **Brown Impact Letter** gives rationale for the stipend – rationale that the Council agrees with but feels the stipend should be less in 2019.
- **DeStefano Letter (#8)** stipulates that the appropriation will not be underfunded at year end.

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### **\$5,000 Reduction to Keep Salary Increases to 3%**

#### **BUDGET AMENDMENT: ADMINISTRATION, REVENUE AND FINANCE – SALARY AND WAGES TOTAL \$5,000 REDUCTION**

- **Background:** After the Public Budget Workshop for Community Development, we reviewed the budget in more detail and found Salary and Wages to have some excess amounts that could be reduced. We spoke with the Business Administrator about the recent additional staff in the department that was necessary to meet the needs within the department.
- **Outcome:** The Council originally recommended a \$10,000 reduction however after discussions with the Business Administrator, the Council Amended Budget reflected a reduced \$5,000 reduction in Salary and Wages which still allows for annual salary increases so the appropriation will not be underfunded.
- **Landolfi Impact Letter** is not supportive indicating this reduction (.7% of total Salary and Wages) potentially negatively impacts over time if needed.
- **DeStefano Letter does not address this matter.**

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### **\$2,000 Increase to Budget for Seniors Programming**

#### **BUDGET AMENDMENT: HUMAN SERVICES, SENIOR CITIZENS – OTHER EXPENSES TOTAL \$2,000 INCREASE**

- **Background:** The budget for programming for our seniors was cut by almost 20% in 2018. Simply put the Council strongly supports restoring the budget by adding \$2,000 to provide additional programming and seniors for our seniors. We spoke with Director Pelligrini after the Public Budget Hearings and although he believes through grants and other funding sources, programming needs can be met, he did not disagree with our proposal for the increase.
- **Outcome:** The Council Amended Budget includes \$2,000 increase to Other Expenses.
- **DeStefano Letter** does not address this matter.

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### **\$6,000 Increase to Capital Fund for the Down Payment for a New ADA Accessible Medical Van for Seniors**

#### **BUDGET AMENDMENT: CAPITAL IMPROVEMENT FUND –TOTAL \$6,000 INCREASE**

- **Background:** Currently there are three vans providing medical transport for Seniors. None of the vans are handicapped accessible. Two of the three are old (2005 and 2007) and are in terrible condition bordering on unsafe. As we watch vehicles being upgraded and replaced throughout other departments (Police, HPU), no such upgrades have been made in this department. We spoke with Director Marks who was supportive of acquiring a new ADA Accessible van and we estimated based upon information provided the cost of the van to be \$60,000 requiring a \$6,000 down payment via the capital fund.
- **Outcome:** The Council Amended Budget includes \$6,000 increase to the Capital Fund.
- **DeStefano Letter** does not address this matter.

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## **\$90,000 Increase to Salary and Wages for our Fire Department**

### **BUDGET AMENDMENT: FIRE – SALARY AND WAGES TOTAL \$90,000 INCREASE**

- **Background:** During the Public Budget Workshops for Fire, the Officers and Fire Chief made appeals that the fire department was significantly understaffed and overworked and requested consideration for additional funding to support more people on each shift. This could be in the form of an additional firefighter or increased overtime for existing firefighters. This is a difficult decision to make to determine exactly what the proper staffing should be but ultimately the Council was supportive in granting a \$90,000 net increase and will leave it up to Chief Crimmins to determine how best to allocate these amounts within his budget. We suggested he consider reducing his previously unused Fire Vacation Buy Back by 10% to help fund additional salaries and / or overtime. Additionally, in our review of the Table of Organization, we found that the Fire Chief currently is paid less than most of the battalion chiefs so we have recommended that this be fixed as well within this budget increase.
- **Outcome:** The Council Amended Budget includes \$90,000 increase to Salaries and Wages in the Fire Department.
- **DeStefano Letter** does not address this matter.

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## **CHANGES MADE TO HPU**

**Combined changes in the Council Amended Budget for the HPU have a Net Impact of \$0** – The proposal effectively reduces certain expenses to facilitate the HPU making a slightly higher contribution in the same amount to the Municipal Budget. The **Sharpe Impact Letter** seems to suggest that these are unrelated and that HPU will be negatively affected by both the expense reductions and the increase in contribution which is not the case.

## **\$96,000 Increase to Surplus Contributed to the Municipal Budget**

### **BUDGET AMENDMENT: APPROPRIATIONS FOR PARKING UTILITY – SURPLUS (GENERAL BUDGET) TOTAL INCREASE \$96,000**

This amount is equal to the proposed cuts below. Historically, the total amount contributed to the Municipal Budget has been in excess of \$4,000,000 annually, as high as \$4,500,000 in 2018. The original budget proposed by the mayor for 2019 still included a surplus contribution at \$4,100,000. But two days after this budget was proposed, the mayor announced his support for a full repeal of certain new parking meter rate increases so we asked that the administration review and possibly revise the budget before the Council voted on its introduction. The revised budget included a significant reduction to the amount HPU contributes to the general budget to \$3,200,000. With the cuts below as a source of funding, the Council felt the amount of the contribution could comfortably be increased to \$3,296,000, still over \$1,200,000 less than 2018.

## **\$63,000 Reduction or a -1.9% to Other Expenses**

### **BUDGET AMENDMENT: APPROPRIATIONS FOR PARKING UTILITY, OPERATIONS – OTHER EXPENSES TOTAL \$63,000 DECREASE**

- **Background:** During the Public Budget Workshops for HPU, the City Council was presented with increases showing the Other Expense budget for the HPU at \$3,369,242 was \$600,000 higher than what

was spent in 2018. A number of new initiatives were identified that focused on pedestrian safety including Vision Zero and the Street Re Design project as well as transportation improvements like expanding the free HOP service which the Council supports. However the amounts in this line item are based upon estimates and the Council felt the total annual budget could support a 1.9% decrease, would still be \$540,000 greater than what was spent in 2018 and still provide full funding for all essential projects. Given the large size of the budget, a 1.9% change resulted in a \$63,000 reduction.

- **Outcome:** The Council Amended Budget includes \$63,000 reduction in Other Expenses and given the breadth of this appropriation that includes estimates and both discretionary and non-discretionary items, the Council is confident that the appropriation for essential projects and services will not be underfunded for the year.
- **Sharpe Impact Letter** does not support the cuts and highlights the many projects that are included in his budget. The Council supports all of the initiatives he proposes and that the Director will still be able to deliver all of the projects within his plan.
- **DeStefano Letter** does not address this matter.

#### **\$40,000 / .85% Reduction in Salary and Wages**

#### **BUDGET AMENDMENT: APPROPRIATIONS FOR PARKING UTILITY, OPERATIONS – SALARY AND WAGES TOTAL \$40,000 DECREASE**

As noted below, the Council recommends reducing this to \$33,000 by applying the \$7,000 below that was to be used for the down payment on a new HOP bus, that we understand now such down payment is not necessary.

- **Background:** During the Public Budget Workshops for HPU, the City Council was presented with budgeted staffing levels and total Salary and Wages by line of business but with little visibility behind the total budgeted amounts and how much over and above current salaries are in the proposed figures. Director Sharpe did show that staffing is highly transitional and have historically not been fully staffed with current staffing levels are at 84% (87 people) before planned hires to take the staffing levels to 103.
- **Outcome:** The Council Amended Budget includes \$40,000 reduction in Salary and Wages representing only .85% reduction to the total budget for this line item. The Council is confident that the appropriation will not be underfunded for the year and Director Sharp will still be able to complete his hiring plan within the revised appropriation amount.
- **Sharpe Impact Letter** seems to suggest that this reduction will reduce his ability to hire three additional, revenue producing PEO's. The Council feels that the minor reduction will not limit the ability of the director to hire additional staff that is necessary to maintain parking revenues for the city.
- **DeStefano Letter (#13)** states the same concern as mentioned by Director Sharp.

#### **\$7,000 Increase to cover the cost of the down payment for a new HOP bus.**

#### **BUDGET AMENDMENT: APPROPRIATIONS FOR PARKING UTILITY, CAPITAL IMPROVEMENTS – DOWNPAYMENT ON IMPROVEMENTS TOTAL \$7,000 INCREASE**

As noted above, the Council recommends reducing this to \$0,000 and applying this \$7,000 that was to be used for the down payment on a new HOP bus, that we understand now such down payment is not necessary.