

**In The Matter Of:**  
*In Re; Nutley Board of Commissioners*

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*Transcript of Proceedings*  
*March 5, 2025*

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*Min-U-Script®*

1 TOWNSHIP OF NUTLEY BOARD OF COMMISSIONERS

2 ONE KENNEDY DRIVE

3 3RD FLOOR COMMISSION CHAMBERS

4 NUTLEY, NEW JERSEY 07110

5  
6 \*\*\* PUBLIC SESSION \*\*\*

7  
8 DATE: MARCH 5, 2025

9  
10 BOARD OF COMMISSIONERS:

11 JOHN V. KELLY III, MAYOR

12 JOSEPH P. SCARPELLI, COMMISSIONER

13 MAURO G. TUCCI, COMMISSIONER

14 THOMAS J. EVANS, COMMISSIONER

15 ALPHONSE PETRACCO, COMMISSIONER

16  
17 Also Present:

18 JONATHAN BRUNO, TOWNSHIP ATTORNEY

19 STEPHANIE SANTANA, CFO/TREASURER

20 RAYMOND SARINELLI, SR.,  
MUNICIPAL ACCOUNTANT

21  
22  
23  
24  
25

1 (Recording begins)

2 MAYOR KELLY: Everyone stands for the flag's  
3 allegiance.

4 (Pledge of Allegiance.)

5 MADAM CLERK: Chair's Budget Workshop  
6 Meeting. Today's Wednesday, March 5th. The time is  
7 10:04. Pursuant to the requirements of the Open Public  
8 Meeting Act, Chapter 231, Public Law 1975, notice of  
9 this meeting was published in the February 28, 2025  
10 issues of the Herald News and posted on the Township  
11 Website and Nutley Town Hall bulletin board. A copy of  
12 this notice has been placed on file in the Municipal  
13 Clerk's Office.

14 Commissioner Evans.

15 COMMISSIONER EVANS: Here.

16 MADAM CLERK: Commissioner Tucci.

17 COMMISSIONER TUCCI: Here.

18 MADAM CLERK: Commissioner Scarpelli via  
19 Zoom.

20 COMMISSIONER SCARPELLI: Here.

21 COMMISSIONER TUCCI: (Indiscernible) the  
22 volume at a hundred so --

23 COMMISSIONER EVANS: Fix the volume up.

24 COMMISSIONER SCARPELLI: Thanks, I'm up now.

25 MADAM CLERK: Mayor Kelly.

1           MAYOR KELLY: Present.

2           MADAM CLERK: Also present is Stephanie  
3 Santana, our CFO, and Ray Sarinelli, Sr., the Municipal  
4 Accountant to Nisivoccia. And our attorney,  
5 Jonathan Bruno, is via Zoom.

6           MAYOR KELLY: The only thing we have on our  
7 agenda so far today is our budget discussion. So I'll  
8 turn it over to our Revenue and Finance Commissioner,  
9 Commissioner Evans.

10           COMMISSIONER EVANS: A couple things overall.  
11 Our budget has increased roughly \$2.1 million year over  
12 year after transfers out to the sewer utility company.  
13 Appropriations are now a total of \$64,708,856. We also  
14 have had an increase in our revenues, net, of about  
15 \$734,000. So that's the amount that we will need to  
16 raise from our taxpayers, is roughly \$1,000,004. And  
17 that -- including the library, that translates right  
18 now to on average \$132 per household.

19           As far as the numbers are concerned, the work  
20 that everybody's done, I think we have a good starting  
21 point. And I mean starting point because I think we  
22 have more work to do in order to be able to get down to  
23 a level which (break in audio) I believe  
24 (indiscernible) don't know what the county increase  
25 will be if there is one. What we do know,

1    though, is that the equalization ratio for the Township  
2    went down from 96 and a half percent down to 89  
3    percent, which means fair value of property went up.  
4    So it's a good thing that values went up.  It's also  
5    market conditions are driving that, as we all know.  
6    But in the county, the formula for allocating the  
7    county tax is based upon the assessable value of your  
8    property.  So the fact that, on an equal basis, the  
9    valuation went -- the equalized ratio went down, that  
10   means that we run the risk of getting a greater  
11   allocation of the county tax, which could be in the  
12   range of two and a half to three percent, and that  
13   itself would increase the taxpayer -- residential  
14   taxpayer base by \$70 on average per household.

15           Right now, the school had plus three percent  
16   in their school rate.  Year over year, it's better than  
17   what was anticipated.  And from what I understand, the  
18   school board is working on their increase, which they  
19   believe will be in the three and a half percent range.  
20   However, they need to work through a lot of detail  
21   before they can confirm that or I'd be willing to stand  
22   by it.  There's still a lot of moving parts across the  
23   street.  So while the county and the school is not  
24   directly ours, we need sort of be aware of it.

25           But if you put it all together, where we are

1 right now, the tax -- average taxpayer can see on  
2 average with every -- all things and could be between  
3 340 and \$380 per household. On the average. The  
4 average household is \$491,000, or roughly about 12,500  
5 in taxes. So if you're below that, you'll get less.  
6 If you're above that, you're going to get more. (Break  
7 in audio) too. Me too, right? We'll get more of that.

8           So what we have to do today is understand  
9 where we're at. I'm hopeful that, before we adopt, we  
10 will be able to collect from the school district the  
11 \$300,000 that is related to school crossing guards.  
12 Their budget does not actually account for that today  
13 given all the disruption, but I have had conversations  
14 with the monitor who -- we had a strong conversation  
15 about that was a commitment that was made, and they  
16 need to stand by that. No matter what they're doing in  
17 their analysis, they have to stand by that. Yeah.

18           So, you know, all things being equal, and  
19 given the history, we would be -- I cleared this with  
20 Ray -- we would be able to -- if we get a check, we  
21 will be able to add it to our budget assumption for  
22 2025, which is \$300 or about \$30 -- \$300,000, which is  
23 about \$30 per household. But we can't do that unless  
24 we get a check in hand that clears that, all right,  
25 because of history of non-compliance. So if we get

1 that, that might be a way to --

2 COMMISSIONER TUCCI: When did they say that  
3 it would be given in hand?

4 COMMISSIONER EVANS: It won't be here in time  
5 for us to introduce, but it could be here in time  
6 before we adopt. So early May time frame, I think that  
7 would happen. Stay on that to keep pushing on that to  
8 make sure that it becomes a standing commitment.

9 We did have a note sale on Tuesday for  
10 bonding related to 777. And we were able to secure a  
11 one-year note at a net interest rate of three percent.  
12 The terms of the lease arrangement, which will start in  
13 September and payments for next year, that it -- at  
14 three percent, that allows the lease payment that we'll  
15 get from the school to cover the debt service payment  
16 that we have to make on the interest. So it's coming  
17 into line, and every --

18 COMMISSIONER PETRACCO: That is an interest-  
19 only (indiscernible) come?

20 COMMISSIONER EVANS: Yeah, it's a note.  
21 I'm -- instead of doing a bond because the expectation  
22 is, as you know, 2031, '32, that note will flip to the  
23 school because their heavy debt is coming off the books  
24 then. So the big debt will come off. This will go on.  
25 We'll have to bond it at that time at whatever interest

1 rate and whatever return that makes sense for them. We  
2 will roll it as notes (break in audio).

3 COMMISSIONER PETRACCO: What's the term  
4 number?

5 COMMISSIONER EVANS: One year.

6 COMMISSIONER PETRACCO: We have to go back --

7 COMMISSIONER EVANS: I'll do it again. Yeah.  
8 It's the same thing I did with Ciccolini. We floated  
9 the notes, and we rolled it down. One year of the note  
10 that we did with Ciccolini, interest rate was down to a  
11 half a percent. So we were able to -- we bought it,  
12 but we were able to pay the note off -- the debt off in  
13 three years with very low (break in audio) return the  
14 same way because I think the rate volatility is going  
15 to continue, and I think we'll be able to take  
16 advantage of that.

17 COMMISSIONER PETRACCO: You think that they  
18 would have to -- how long do they have? So they're  
19 going to pay interest only till 2032, you're saying?

20 COMMISSIONER EVANS: Yeah.

21 COMMISSIONER PETRACCO: And then they'll bond  
22 the money. How long would that be before --

23 COMMISSIONER EVANS: Well, they'll --

24 COMMISSIONER PETRACCO: -- they get it?

25 COMMISSIONER EVANS: Well, so --

1           COMMISSIONER PETRACCO: Take about 20 years  
2 on that?

3           COMMISSIONER EVANS: They could -- yeah,  
4 because it's capital improvement. So they can stretch  
5 that out for as long as they'd like to. They might  
6 have other capital improvement requirements then, but  
7 whatever that is, it doesn't -- it should not  
8 necessarily include a large-scale referendum. Could be  
9 a need for one. And I've talked with them several  
10 times about why wait 30 years to go out and ask  
11 everybody for the 70, \$80 million, if you have some  
12 things that need to get done periodically? So you do  
13 smaller bites that are more reasonable and have  
14 different terms, which can manage that debt service  
15 much better.

16           In the budgets summary you each have, it pays  
17 out by department, you know, what's going on in -- the  
18 pluses and the minuses for each of you. If you -- and  
19 you can -- each of you can comment on what's happening  
20 in your budget areas. If need help, I can help you as  
21 you're going through.

22           Revenue finance, we're going down roughly  
23 \$2.6 million, and that's primarily related to the  
24 transfer of the 24 sewer money off of the books going  
25 into the sewer utility, as you can see a

1 (indiscernible) 2 million, all right? That's a -- that  
2 reduction in cost, it's a transfer to another billing  
3 model (break in audio) transfer that would -- took  
4 place, and the revenue finance of DPW completes the  
5 transfer of the -- and setting up the utility now for  
6 the entire year. Last year, we did it for six months.  
7 Now, we're doing it for the full calendar. So it's  
8 just a -- that's just a transfer.

9           The decrease in my area of 422,000 primarily  
10 relates to the fact that, last year, I put in an  
11 appropriation for \$513,000 as a reserve in case we  
12 didn't collect enough money in the sewer utility that  
13 had to be applied in order to zero out the utility for  
14 2024. We don't have to do that, so -- and that's  
15 coming out as an appropriation in my budget. I do have  
16 other pluses and minuses as it relates to salary, the  
17 economic development, but they all basically net out.

18           So on the revenue side, important point to  
19 raise is that we did get, over the last few years, the  
20 municipal relief aid that was funded by the governor.  
21 The first year was about 215,000 -- 213,000. Last  
22 year, it was 547,000. Budget -- Governor's budget  
23 introduced this year eliminates municipal relief aid  
24 for all towns that were receiving it, so we had to  
25 remove that revenue (break in audio) budget. So right

1 now, that 547,000 is out of our budget that we do not  
2 have it. As I mentioned, the school crossing guard  
3 revenue (break in audio), but we might be able to put  
4 it back. But as of right now, the \$300,000 plus the  
5 (break in audio) by 800 and change is reducing what's  
6 happening to our revenues. (Indiscernible) is going  
7 up, and so it's not up as high as it could have been  
8 (break in audio).

9 And as I mentioned to you, we've been  
10 struggling with the levy caps as well as the  
11 appropriation caps. I'll tell you that we're okay on  
12 the levy cap. We've been working on the appropriation  
13 cap, and I think (break in audio), you know, when he  
14 provides comments, share with you the negotiations that  
15 we went through with the State to get (break in audio).  
16 If we did not get the capped relief, we would -- which  
17 I think we've got it covered and we're able to see more  
18 of it. But if we did not get the capped relief on  
19 appropriations, we would be looking at this budget --  
20 no matter what the condition of this budget is right  
21 now, we would be looking at somewhere in the  
22 neighborhood of \$900,000 of appropriations that would  
23 need to be cut in order to meet the three and a half  
24 percent cap on appropriations. If we do not meet that,  
25 then this budget would be required by statute to go out

1 as a public question to get approval from other  
2 residents of the town in order for us to adopt. So I  
3 believe we're not going to have a problem, but it does  
4 put an emphasis on the fact that we should be making  
5 sure that we can get the impact on the taxpayers as low  
6 as possible.

7 I know some of you have raised with me that  
8 you have adjustments to make in your budget. I'm happy  
9 to share -- have you share those comments right now,  
10 which I (break in audio).

11 Ray, I'll turn it over to you.

12 COMMISSIONER PETRACCO: He's muted.

13 COMMISSIONER EVANS: Unmute.

14 MR. SARINELLI, SR.: I'm sorry. Okay. So  
15 you were breaking up a little bit, but I think you were  
16 just -- you summarize -- I heard most everything that  
17 you summarized, the budget and all the factors that  
18 have gotten you to this point. And I think we're  
19 getting pretty close to finalizing the budget, the main  
20 issue being the cap. We've been doing research on a  
21 cap exception. The division of local government  
22 services has taken a little bit of a different position  
23 than they have in the past, which was: these are the  
24 laws, follow them, we don't care.

25 And now they seem to have gotten a different

1 mandate. And, you know, we've looked at exceptions  
2 that they've allowed for other municipalities and have  
3 been working with them on getting a cap exception, I'll  
4 say, sort of retroactive for the three pilots that you  
5 have in place. It looks very favorable at this point.  
6 We've been in contact them [sic]. They understand it.  
7 It's similar to what they've allowed, but they haven't  
8 finalized their approval, but our expectation is that  
9 they probably will.

10 I know Commissioner Petracco has asked, year  
11 after year, what do we do? You know, we have these cap  
12 issues. Well, we haven't had them in the past because  
13 of good planning that's been done over the years by  
14 everybody. We knew, this year, probably going to hit  
15 the cap wall, and did preliminarily. But based on our  
16 preliminary contacts with them, it looks like we will  
17 be getting relief for most of the cap -- most of the  
18 amount that we're over cap.

19 Commissioner Evans brought up a couple of  
20 good issues. The 300,000 with the school, if that did  
21 come in, I think we're looking at a tax increase,  
22 including the library right now, of -- I think it was  
23 132 or \$133. Yep, \$132. If that 300,000 comes in, it  
24 would get your tax increase very close to or below 100  
25 dollars, which sounds a lot better than 132. So, you

1 know, that's broken into two parts. The municipal  
2 share of the budget is 113,000, and that's increased by  
3 the library by another \$19. In my mind, I always  
4 separate out the library because that's dictated to you  
5 based on the municipal state-equalized value.

6 So the part of the budget that you control is  
7 up 113, add the library to it. If you came up with  
8 300,000, I'm sure -- well, I didn't speak to  
9 Commissioner Evans about this. If you were somewhere  
10 hovering around a \$100 increase, you might be flexible  
11 enough to find some revenue that would get you under a  
12 hundred-dollar increase, which I think would be a nice  
13 statement to be able to make, particularly, in fact,  
14 you know, the fact that you lost 540,000 -- 47,000 in  
15 state aid, which is about half of the tax increase that  
16 you're faced with. You did have note sale, three  
17 percent. That's pretty good rate. We had four bids  
18 that were very competitive.

19 And we're still trying to wrap up the  
20 utility -- you know, the transition to the water sewer  
21 utility and the expenses involved. And I think we're  
22 pretty close on that. There are a few adjustments that  
23 are still being made on the appropriation side. You  
24 have some adjustments, I know, that you're making to  
25 the fee structure related to sprinklers and summer use

1 of water pools, hoses, whatever, that might reduce the  
2 revenue. So we may have to look at the sewer rates and  
3 adjust them so that the slightly whatever reductions  
4 you make for those, I guess, in a way to be fair, that  
5 aren't actually having that water go back into the  
6 sewer system, you know, might cause a slight increase  
7 in the overall rate to keep the sewer utility  
8 self-liquidating.

9 So you're on a good schedule to introduce the  
10 budget. The statute -- the statutory requirement is  
11 the end of March, or the first meeting after  
12 March 31st, I think you're pretty close. If you could  
13 wrap the budget up soon, maybe by the end of the week,  
14 that would give us enough lead time to get it on the  
15 state document and have it for your meeting on  
16 April 1st. Thank you.

17 COMMISSIONER EVANS: Thanks, Ray.

18 So anyway, Commissioners, if you -- and  
19 Mayor, if you have comments on your particular budget  
20 areas, now would be great to share.

21 COMMISSIONER TUCCI: I'll start, just a  
22 couple. For the lines that I control in the Parks  
23 Department, we're up about \$128,000, right, over the  
24 last year's budget. And that's still a work in  
25 progress. So we're going to -- we're going to do

1 better on that, and we should bring that down somewhat.

2           The big-ticket items for us, and I know  
3 Commissioner Evans and the Mayor and Commissioner  
4 Petracco also know this, are the insurances, all right?  
5 The amounts that we pay the JIF, which is a four  
6 percent increase this year, which includes a  
7 retroactive payment because we keep (break in audio) up  
8 in some of the other areas. And the big hit is the  
9 group insurance. So what everyone just needs to keep  
10 in mind is when someone retires, they're not out of our  
11 books. We just move them into another column.

12           And this year, once again, just on the  
13 premium we've sustained like a 17 percent increase, but  
14 then there's the ripple effect, all right? On the  
15 buyout and everything else and all everything that's  
16 associated with that, which ticks that up a little bit  
17 to about 19 percent, all right? But Commissioner Evans  
18 and I have had many conversations about this.

19           And Stephanie, I know you've been speaking  
20 with Frank about this.

21           And we're working on bringing that number  
22 down. So that's also a work in progress. So we're  
23 going to be able to do better there, but we have to  
24 anticipate retirees, again, moving over into another  
25 column. And we have to anticipate new hires. So

1 depending on what status is of the new hires, whether  
2 they're single or member spouse or family coverage, you  
3 know, it could be up to \$51,000 and change per person.

4 COMMISSIONER EVANS: And again, I -- just to  
5 add to that -- just -- Commissioner, how much is family  
6 coverage this year?

7 COMMISSIONER TUCCI: 51,000 and change.

8 COMMISSIONER EVANS: Right. For one -- for  
9 one employee -- per employee?

10 COMMISSIONER TUCCI: Mm-hmm.

11 COMMISSIONER EVANS: Per employee.

12 COMMISSIONER TUCCI: Per employee.

13 COMMISSIONER EVANS: So if you think about  
14 it, then -- and you add to it the taxes for Social  
15 Security, Medicare, you know, unemployment, plus the  
16 pension cost, plus healthcare, and you add a fully  
17 loaded employee who's making, say, on average, 50 grand  
18 a year is somewhere -- that one employee costs the  
19 taxpayers roughly \$125,000.

20 COMMISSIONER TUCCI: Yeah.

21 COMMISSIONER EVANS: Right? Obviously, given  
22 the scale now in Public Safety, that number is much,  
23 much higher. So I just -- we've talked about this  
24 before. We've tried to adopt hiring freezes in the  
25 past. We've tried to look at things, say, you know,

1 let's be careful about what we're hiring, what we're  
2 paying people, because we have to recognize that it's  
3 not just salary, it's all these loaded costs. And what  
4 sometimes is a challenge is pension and payroll taxes  
5 are in my department, insurances are in your  
6 department, and payroll is in everybody else's  
7 department. So it becomes a challenge to really sit  
8 back and say, when I make this decision, what am I  
9 actually paying this employee for the work that they  
10 provide? Absolutely nothing that's wrong with paying  
11 people for what they do. I think -- fair day's wage,  
12 fair labor, I think, applies. But recognizing that the  
13 cost of manpower in today's environment is very, very  
14 high. We have to be careful about this.

15 COMMISSIONER TUCCI: It is not just the  
16 salary.

17 COMMISSIONER EVANS: No, it's not. And  
18 they --

19 COMMISSIONER TUCCI: The benefit package,  
20 many times, as you said, is costs us more than what  
21 the salary is.

22 COMMISSIONER EVANS: Yeah.

23 COMMISSIONER TUCCI: So there needs to be  
24 something done at a higher level than us, all right --

25 COMMISSIONER EVANS: Yeah.

1           COMMISSIONER TUCCI:  -- to help adjust this,  
2 all right? I'm not talking about  -- I'm citing the  
3 adjustments, you know, that the state payer may not  
4 make depending on the year.  That's not for now, that's  
5 in the future, but in the meantime (break in audio).

6           COMMISSIONER EVANS:  Pointing it out, but  
7 what they've done in the last two years at the state  
8 level, and not at the local level, yeah, absolutely  
9 agree.

10          COMMISSIONER PETRACCO:  Yeah.  Last night, it  
11 seemed like things started changing, but --

12          COMMISSIONER TUCCI:  Hopefully, they do  
13 trigger --

14          COMMISSIONER PETRACCO:  -- (indiscernible)  
15 was, like Commissioner Tucci said, you know, the  
16 healthcare is extraordinary.  It has to be taken care  
17 of because it's getting harder and harder to run Public  
18 Safety and keep our residents safe because when  
19 retirees come up to the board, we don't replace in  
20 Public Safety, then we have holes in Public Safety.  
21 And with break-ins and bail reform and taking on the  
22 ambulance squad, you guys can see how busy we are.  So  
23 it's not even an option not to replace the people for  
24 us, and I think the problem really lies in the state to  
25 control the healthcare.

1           COMMISSIONER TUCCI: Yeah. I think we also  
2 need to start conversation with the bargaining units as  
3 to how, collectively, we address some of these issues  
4 because we just can't do it by ourselves because, as  
5 you know, especially with your contracts, Mitchell  
6 (phonetic) (break in audio) locked into certain things,  
7 all right? But if we can get some flexibility while  
8 still giving people the coverage that they need,  
9 because healthcare is very touchy. You know, people  
10 are very sensitive to it, and rightfully so, because,  
11 you know, in the event they can have a medical event,  
12 you want to make sure that you have enough coverage to  
13 carry it through and that you don't wind up in the  
14 poorhouse because you got sick. But these are some of  
15 the things that we need to keep on our radar and keep  
16 in the forefront because these are important  
17 discussions. Otherwise, the spiral will just continue.

18           COMMISSIONER EVANS: Yeah. And when you add  
19 too, we have over 2,200 properties in Nutley, and I'm  
20 quoting Property Tax Freeze Program, right? So, which  
21 means they're 65 years or older, and they're -- and the  
22 way the rules are right now, you got to pay it out in  
23 order to get it back. So cash flow becomes very  
24 critical, you know, for quite a few of our residents.  
25 So we always have to keep that in mind because I think

1 we're tasked with that. We have to represent  
2 everybody. All right. So remember, if you're going to  
3 lower healthcare costs, you're going to lower the  
4 benefit. I find that getting the same benefit for  
5 less -- the benefit's going to come down, the  
6 contribution levels are going to go up in order to  
7 lower the premium. And that's the only way to do it.

8 COMMISSIONER TUCCI: It's a delicate  
9 balance --

10 COMMISSIONER EVANS: No, it's very hard.

11 COMMISSIONER TUCCI: -- taking care of our  
12 employees and making sure they have proper coverage and  
13 always keeping the taxpayers in mind, how much, you  
14 know, we're actually charging them, you know, to  
15 provide these services.

16 COMMISSIONER EVANS: Yeah.

17 COMMISSIONER PETRACCO: And being compatible  
18 with the marketplace to get good people. And to -- you  
19 know, when they have other towns giving higher pays  
20 and, you know, the same benefits, if we start cutting  
21 back, how do we get those town people to provide the  
22 services that we do?

23 COMMISSIONER TUCCI: Well, we're not talking  
24 about cutting back, so let's not send that message.

25 COMMISSIONER PETRACCO: No, no, no.

1                   COMMISSIONER TUCCI: Okay. We're talking  
2 about starting a conversation in the very, very early  
3 stages.

4                   COMMISSIONER EVANS: Well, it's just a --  
5 it's just the reality of the environment that we're in.  
6 I mean, I think it'll be wrong on our part not to  
7 recognize the reality. What we do about it, what we  
8 can do about it is a different discussion. But we need  
9 to be aware. I think it drives us to think of, you  
10 know, are we providing essential services? You know,  
11 are all the services necessary? Do they provide a  
12 benefit so that we are making sure we can justify  
13 what's in the budget?

14                   And to the point that Ray made, you know,  
15 because of -- you know, we're going to look at the  
16 pilots as a way to create an exception for the cap.  
17 There's no written rule that says that's an exception.  
18 They've allowed it in certain circumstances in the  
19 past, and we're negotiating through that, and we think  
20 we're going to be successful. But recognizing that we  
21 have a cap limit next year that will stay the same at  
22 two and a half plus the adjustment we make for the one,  
23 so we got three and a half percent, which means  
24 expenses across the board can't really rise more than  
25 \$1.2 million, all right? Otherwise, we have a cap

1 problem. And we're taking this exception this year  
2 about, you know, where we'll be next year, when we  
3 don't have that close this year, right?

4 So keep -- we just have to keep in mind it  
5 can't all be added, right? It just -- it's not -- and  
6 that's not calling for anything. We're not taking  
7 anything. It's just being aware of the fact that we  
8 are at a point where costs are so high and burdensome  
9 that we have to consider that.

10 Now, when you flip it and you say, okay, we  
11 took this money out of the budget -- or the operating  
12 budget and moved it into the sewer utility, which  
13 basically said, instead of paying sewer based upon the  
14 assessable value of your property, you'll pay for it  
15 based upon what you use, your consumption. It's a  
16 consumption-based bill, all right? Now, all those  
17 costs went into the utility. The sewer bill, as we  
18 were discussing last night, went up from 4.2 to almost  
19 \$4.7 million. So that hit roughly 4- or \$500,000 is in  
20 there. Now it has to be captured in -- making sure  
21 we're capturing that in the rates.

22 So with all the adjustments that are going to  
23 be made -- and you hear everybody has their own issue,  
24 and we should be fair and equitable, but at the end of  
25 the day, when you're -- when you could -- when you

1 adjust for everything you think you have to adjust for,  
2 you still have to have a rate that collects what the  
3 bill is. And as Joe mentioned last night, sewer bill  
4 is a bill. It's just like the pension bill. It's like  
5 the insurance bill. It's like everything else. It's a  
6 bill. We have no control over it.

7 COMMISSIONER TUCCI: And you said, what,  
8 about 12 percent?

9 COMMISSIONER EVANS: Oh, it's incredible.  
10 That alone. And there's -- and with -- if you saw what  
11 the Passaic Valley Sewer was saying about, you know,  
12 building a parallel, you know, trunk line, right, to  
13 capture more sewage and stuff so it doesn't have the  
14 runoff at a couple billion dollars to build it, and  
15 says, don't worry, all 48 municipalities will pay for  
16 it, that means our bill's going to go up. Just the  
17 reality is it's going to go up even further. So just  
18 the world that we live in.

19 COMMISSIONER TUCCI: I guess, challenges of  
20 what to come.

21 COMMISSIONER EVANS: Yeah. Yeah, exactly.

22 COMMISSIONER PETRACCO: Well said.

23 COMMISSIONER EVANS: Yeah. So I look as  
24 tired as I do (indiscernible).

25 So anyway, Al, anything to add?

1           COMMISSIONER PETRACCO: No, I mean, I just --  
2 I think that, you know, it's important that the school  
3 board helps pay the bill that we were talking about  
4 before, you know, that brings, you know, my fees down  
5 substantially and, you know, whatever we can do and to  
6 make all this work, you know, we're all on the same  
7 page and, you know, we want to move the town forward and  
8 give -- let them know we pay taxes here directly, then  
9 give the lowest, you know, responsible budget that we  
10 have.

11           COMMISSIONER EVANS: Yes, the lowest  
12 responsible budget. Absolutely.

13           MAYOR KELLY: All right. Just a couple  
14 points out of the Mayor's budget. This includes the  
15 libraries budget, which we had a good idea  
16 (indiscernible) buried down in the State House this  
17 year, who they passed on a mandate, which caused us to  
18 have an increase there. And the other -- I -- big  
19 increase in the Mayor's budget is next year is 2026.  
20 It's the 250th anniversary of the founding of our  
21 nation. And our civic celebration account the, I  
22 guess, firework people informed us that, and we've been  
23 with them for so long that they're going to be  
24 increasing their rates. And so we're capturing that  
25 and making sure that we can continue to provide the

1 patriotic way and celebration that we always do every  
2 year, despite it being a banner year.

3 In public affairs, every five years, there's  
4 a new garbage contract, and every five years, there's  
5 an adjustment that needs to be made. Going forward,  
6 that increase should be relatively flat. Most of that  
7 increase is out of garbage. And again, we're on a new  
8 system. As I touted before, this system will save us  
9 money in the long run. However, we're going to work  
10 out where that money savings are, and so we're not as  
11 aggressive in where we can be in terms of the loads  
12 going to the dump. We haven't calculated January -- or  
13 February yet, but for the month of January, I think we  
14 saw a 70-ton decrease with this one.

15 MS. BOZZA: And cost-wise, we saved over  
16 \$10,000 at the Essex County utility, and we saved over  
17 6,000 at Interstate lease.

18 MAYOR KELLY: So we are seeing some of those  
19 savings. However, just to be cautious, we're not going  
20 to fully roll back those savings. And as I said, with  
21 the new contract, there's always a cost increase, but  
22 it's a five-year contract, and so that cost increase  
23 should be relatively flat.

24 I do want to flag -- well, our auditor  
25 flagged -- you know, we have enough -- Nutley Cultural

1 Inclusion and Diversity Council, which has a small  
2 amounts of budget item. And the reason for that is we  
3 do get a lot of grants through having that line item in  
4 our budget. However, with everything going on in  
5 Washington, it could potentially raise issues with the  
6 federal grants. And we spoke with our grant writer.  
7 They don't see a very large concern there, but out of  
8 an abundance of caution over -- what I believe the  
9 solution will be is to rename that budget line item  
10 from diversity related to cultural recognition, which  
11 should satisfy that concern.

12 And I believe that's all I wanted to discuss.  
13 You know, as Commissioner Petracco said, you know,  
14 we're continuing to look at this to make sure that we  
15 have the lowest responsible budget. And right now,  
16 with the new said garbage system, there's a lot of  
17 guesswork and want to be as aggressive as possible, and  
18 also still be kind of conservative in cases that we  
19 don't expect.

20 COMMISSIONER EVANS: Mr. Scarpelli --

21 Thank you, all.

22 Joe?

23 COMMISSIONER SCARPELLI: Yeah. Sorry I've  
24 been in and out, guys. So, you know, with the sewer  
25 utility, we were able to decrease the sewer line item

1 about \$49,000 for that was mostly for salary and O&E.  
2 We did see some increase in our costs last year that we  
3 have to roll forward on our disposal of our recycling  
4 and our vegetation, so there were some slight increases  
5 there, but, overall, we're relatively flat as we move  
6 forward. So some work still to be done, probably a  
7 little bit both ways, but I think, for the most part,  
8 the utility -- even though we're losing in the  
9 operating budget, it's obviously going into the  
10 utility.

11 And I think we sent a letter out to everybody  
12 so that we can contact our legislators that Passaic  
13 Valley Sewage is looking at a redundancy project that  
14 will cost somewhere between 1.3 and \$1.5 billion. So  
15 they're looking for help either from the feds or from  
16 the state to offset that, or else they're going to have  
17 to pass it on to the member municipalities, which one  
18 of them is us. So we saw a six percent increase in  
19 sewage treatment this past year. And I don't even want  
20 to foresee, if that 1.4 billion gets passed on to us,  
21 what kind of increase we're talking about next year.  
22 So just a cause for concern, and any advocacy we can do  
23 on our behalf, let's do it.

24 COMMISSIONER EVANS: Is that -- keep in  
25 mind -- the final thing, when we think about the

1 budget, we run into taxpayers all the time who say,  
2 taxes are so high that you tax me at now. What can you  
3 do? If we were to cut our budget \$10 million, that  
4 would reduce the average tax by \$1,000. It takes  
5 \$500,000 to reduce the tax rate one penny, and one  
6 penny is worth \$50 on average. So when you think about  
7 it, it's enormously difficult, you know, to address  
8 anything that people would actually recognize as a  
9 beneficial reduction. And the only way you get to that  
10 is you start just drawing Xs through things that are in  
11 the budget, which we have done. I think, over the  
12 years -- we've been working on this for, you know, a  
13 good ten years to keep the budget efficient, keep what  
14 is in there.

15 We also know that we carry a fund balance  
16 that is reapplied for tax relief. It's something  
17 that's been on our books for, you know, 20 years. So  
18 if we don't regenerate that, that could actually create  
19 a tax increase. So we manage that very, very closely.  
20 We continue to enjoy a good bond rating. We're now AA  
21 certified (break in audio) is paying AAA, so where that  
22 enabled us to continue to be able to borrow at some  
23 great rates.

24 So I do need from you your capital  
25 requirements, for everyone, quickly because we can --

1 if we do a good job, we can get it into the budget  
2 submission versus waiting till July. And if we can get  
3 that in, we can introduce those ordinances, which would  
4 make the money available in time to be able to use it  
5 before the cold weather comes. So keep that in mind.

6           MAYOR KELLY: What do we have to do to  
7 increase our bond rate to AAA?

8           COMMISSIONER EVANS: You're saying -- two  
9 things. We have to increase our community income. So  
10 the average household income has to rise. And we  
11 are -- because of the unfunded obligation under pension  
12 that we become liable for is -- that would've to be  
13 reduced. So the state's been fully funding pension,  
14 and they're lowering that gap. So one day, that might  
15 benefit us, but it's not our books, our reserves since  
16 we (break in audio) and we get very good positive  
17 comments back on how we're controlling that.

18           But the other variables are, who's in town?  
19 How much do they make? And that's because that's an  
20 affordability question, right? Do you have the  
21 wherewithal to increase taxes? And that's what they  
22 look at, is they understand costs are going up, but can  
23 your community sustain the ability to pay for those  
24 increases? So they look at average income and -- as a  
25 fact. The other is basically off balance sheet

1 obligations, which is primarily (break in audio) as the  
2 state. We are -- we do not have an unfunded obligation  
3 because we pay everything a hundred percent every year.  
4 We have none of that. It's part -- but it's part of  
5 the overload that goes on top of it from the states  
6 that goes into that calculation. Again, it's not  
7 something that we have control over.

8           Two factors that prevent us from getting  
9 there are certainly beyond our specific control. But  
10 we're close. We're very close. And I've argued  
11 because I look at other towns that are AAA, and I look  
12 at where we're at, and I keep on scratching my head  
13 and -- because I think we should get there. We almost  
14 did. We almost did. But now that we moved up from AA2  
15 to AA1, we have to look at it over the next --

16           COMMISSIONER PETRACCO: What's the difference  
17 in the rate from AAA to AA?

18           COMMISSIONER EVANS: You could say, you know,  
19 a quarter of a point. We'll do a quarter of a point.  
20 That's not unrealistic to say a half, but you could say  
21 a quarter. If you are AAA then you could say  
22 potentially a half percentage, which is meaningful.

23           MAYOR KELLY: Sure.

24           COMMISSIONER EVANS: Which is very  
25 meaningful.

1           MAYOR KELLY: Well, we can continue to make  
2 this community an attractive place to live in and  
3 attract people who that means want to live here, which  
4 we have been seeing in the last couple years as well.

5           COMMISSIONER EVANS: Yeah. So it takes a  
6 good school system. It takes, you know -- it takes a  
7 village to do that. So a lot of things have to come  
8 into play. So that's all -- everything that we have.

9           Any other comments before we close? So give  
10 me changes. We need to get them. I will remind you  
11 Friday would be ideal to get those. And beyond Friday,  
12 it becomes really hard to get ready for  
13 (indiscernible). So any changes that you're looking  
14 at, please review them closely and see what we can do,  
15 okay?

16           MAYOR KELLY: Looks good. I don't see anyone  
17 from the public here, so I'll entertain a motion to  
18 adjourn with our next meeting being on the 18th at  
19 7 p.m.

20           COMMISSIONER PETRACCO: Move it.

21           COMMISSIONER TUCCI: Second.

22           MADAM CLERK: Commissioner Evans?

23           COMMISSIONER EVANS: Aye.

24           MADAM CLERK: Commissioner Tucci?

25           COMMISSIONER TUCCI: Aye.

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MADAM CLERK: Commissioner Scarpelli?

COMMISSIONER SCARPELLI: Aye.

MADAM CLERK: Commissioner Petracco?

COMMISSIONER PETRACCO: Aye.

MADAM CLERK: Mayor Kelly?

MAYOR KELLY: Aye.

MADAM CLERK: The time is now 10:26.

(End of recording)

C E R T I F I C A T I O N

I, Alicia Jarrett, transcriber, hereby  
certify that the foregoing is a correct transcript from  
the recording provided



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ALICIA JARRETT, AAERT NO. 428                      DATE: April 22, 2025