

PROCEEDINGS OF CITY COUNCIL

(OFFICIAL)

ELIZABETH, N. J.

Tuesday Evening
October 1, 2013
6:30 p.m.

A special meeting of the City Council was held this evening in Room #307, City Hall, pursuant to the following call by President William Gallman:

September 24, 2013

**MAYOR; MEMBERS OF CITY COUNCIL; CITY ATTORNEY;
BUSINESS ADMINISTRATOR; CHIEF FINANCIAL OFFICER**

Ladies and Gentlemen:

A special meeting has been called for Tuesday evening, October 1, 2013, at 6:30 p.m. in Room #307, City Hall, Elizabeth, New Jersey, for the purpose of discussing the proposed 2014 SFY Municipal, Sewer Utility and Capital Temporary Budgets and for considering the authorization for the proper City officials to execute a Memorandum of Agreement between the Port Authority of New York and New Jersey and the City of Elizabeth concerning the Goethals Bridge Replacement Project, the Master Utility Agreement between the Port Authority of New York and New Jersey, the City of Elizabeth and E-Town Services; the Master Utility Agreement between the Port Authority of New York and New Jersey, the City of Elizabeth and New Jersey, the City of Elizabeth and New Jersey American Water Company, Inc., a.k.a. Liberty Water Company.

Formal action is contemplated.

By Order of President William Gallman, Jr.

Yolanda M. Roberts, R.M.C.
City Clerk

President Gallman announced that notice of this special meeting was mailed or delivered to the Star Ledger, Home News & Tribune, and Cablevision of Elizabeth, and posted and filed in the City Clerk's Office in compliance with the terms of the Open Public Meetings Law, Chap. 231, P.L. 1975 on June 26, 2013.

PRESENT: Council Members-at-Large: Patricia Perkins-Auguste, Frank J. Cuesta, Manny Grova, Jr.
Council Members: Carlos L. Torres, 1st Ward; Nelson Gonzalez, 2nd Ward; Joseph Keenan, 3rd Ward; Carlos Cedeno, 4th Ward; Frank O. Mazza, 6th Ward, and President William Gallman, Jr., 5th Ward - 9

ABSENT:

ALSO PRESENT: Jorge Estrada, Special Counsel
Anthony M. Zengaro, Chief Financial Officer
Luis Pupo, Finance

NOTE: Councilman Cedeno arrived at the meeting at 7:30 p.m.; Councilwoman Perkins-Auguste arrived at the meeting at 7:50 p.m. and assumed their seats.

PUBLIC SPEAKING

There being no one present who desired to be heard, Council President Gallman declared the public speaking portion of the meeting closed.

NEW BUSINESS

A RESOLUTION AUTHORIZING A MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF ELIZABETH AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY TO PROVIDE FOR COORDINATION IN THE DESIGN AND CONSTRUCTION OF THE GOETHALS BRIDGE REPLACEMENT PROJECT

WHEREAS, the existing Goethals Bridge ("Existing Bridge") opened on June 29, 1928, and connects the City of Elizabeth, New Jersey to Staten Island, New York providing vehicular traffic access between the New Jersey Turnpike, New Jersey Route 1, New Jersey Route 9, the Staten Island Expressway (I-278), and the Verrazano-Narrows Bridge. The Existing Bridge is currently operated by the PANYNJ and forms a key part of the regional transportation network; and

WHEREAS, the Port Authority of New York and New Jersey ("Port Authority") wishes to replace the Existing Bridge with a replacement Goethals Bridge (the "Replacement Bridge"). This project will consist of the designing, building, financing, and maintenance ("DBFM") of the Replacement Bridge: the work shall include the demolition and removal of the Existing Bridge and all associated work products and activities related thereto, as more fully described herein (collectively, the "Project"); and

WHEREAS, a portion of the Project is located on or adjacent to City of Elizabeth property, roadways and/or other facilities (the "City Jurisdictional Area"); and

WHEREAS, the Project necessitates the City's review and comment on certain design and construction documents to be provided by the Developer; and

WHEREAS, the Project necessitates notification of the City of proposed construction activities, sequencing and schedule of work over City right of way and within the City Jurisdictional Area, provisions of access to the City Jurisdictional Area, coordination of traffic operations within the City and associated ramps, modifications to traffic signals and changes to vehicular traffic patterns and general cooperation with PANYNJ in its endeavors to insure safety and minimize disruption to public convenience during the progress of the Project; and

WHEREAS, the Mayor, as authorized by the City Council, and the Port Authority, under its powers as set forth in N.J.S.A. 32:1-1 et seq., have determined that it is in the parties' best interests to enter into an memorandum of agreement to establish the terms and conditions applicable to the design and construction of the Project within the City Jurisdictional Area ("Agreement"); and

WHEREAS, this body, its professionals, and legal counsel have reviewed the proposed Agreement and believe that it serves to promote the welfare of the City's residents, subject to such revisions as may be approved by the Director of Public Works and the City Attorney of the City of Elizabeth.

NOW, THEREFORE, BE IT RESOLVED by the Municipal Council of the City of Elizabeth that:

- (1) The City does hereby consent to the terms of the Agreement subject to such revisions as may be approved by the Director of Public Works and the City Attorney of the City of Elizabeth; and
- (2) All applicable City officials are hereby authorized and directed to take such ministerial actions as are necessary to effectuate this resolution and the execution of the Agreement.

**A RESOLUTION AUTHORIZING A MASTER UTILITY AGREEMENT
BETWEEN THE CITY OF ELIZABETH, ETOWN SERVICES AND THE PORT
AUTHORITY OF NEW YORK AND NEW JERSEY TO PROVIDE FOR
COORDINATION OF UTILITY ADJUSTMENT WORK THAT MAY BE
REQUIRED IN CONNECTION WITH THE
GOETHALS BRIDGE REPLACEMENT PROJECT**

WHEREAS, the existing Goethals Bridge ("Existing Bridge") opened on June 29, 1928, and connects the City of Elizabeth, New Jersey (hereinafter the "City") to Staten Island, New York providing vehicular traffic access between the New Jersey Turnpike, New Jersey Route 1, New Jersey Route 9, the Staten Island Expressway (I-278), and the Verrazano-Narrows Bridge. The Existing Bridge is currently operated by the Port Authority of New York and New Jersey ("Port Authority") and forms a key part of the regional transportation network; and

WHEREAS, the Port Authority wishes to replace the Existing Bridge with a replacement Goethals Bridge (the "Replacement Bridge"). This project will consist of the designing, building, financing, and maintenance ("DBFM") of the Replacement Bridge: the work shall include the demolition and removal of the Existing Bridge and all associated work products and activities related thereto, as more fully described herein (collectively, the "Project"); and

WHEREAS, the City owns and ETown Services maintains certain sewer utility lines, manholes and catch basins within City streets that are within the proposed right-of-way of the Project and which may be impacted by the Project; and

WHEREAS, the Port Authority, the City and ETown Services desire to cooperate for the purpose of ensuring that any utility adjustment work required to accommodate the Project is promptly performed in close coordination with the performance of the Project in order to reduce uncertainty and avoid delay; to ensure continuous operation of essential utilities; and to ensure that any utility adjustments are done in accord with City and ETown Services engineering and operations standards; and

WHEREAS, the Mayor, as authorized by the City Council, and the Port Authority, under its powers as set forth in N.J.S.A. 32:1-1 et seq., have determined that it is in the parties' best interests to enter into a master utility agreement to establish the terms and conditions applicable to any utility adjustment work on the City's sewer system within the City Jurisdictional Area ("Agreement"); and

WHEREAS, this body, its professionals, and legal counsel have reviewed the proposed Agreement and believe that it serves to promote the welfare of the City's residents subject to such revisions as may be approved by the Director of Public Works and the City Attorney of the City of Elizabeth.

NOW, THEREFORE, BE IT RESOLVED by the Municipal Council of the City of Elizabeth that:

(1) The City does hereby consent to the terms of the Agreement subject to such revisions as may be approved by the Director of Public Works and the City Attorney of the City of Elizabeth; and

(2) All applicable City officials are hereby authorized and directed to take such ministerial actions as are necessary to effectuate this resolution and the execution of the Agreement.

**A RESOLUTION AUTHORIZING A MASTER UTILITY AGREEMENT
BETWEEN THE CITY OF ELIZABETH, LIBERTY WATER AND THE PORT
AUTHORITY OF NEW YORK AND NEW JERSEY TO PROVIDE FOR
COORDINATION OF UTILITY ADJUSTMENT WORK THAT MAY BE
REQUIRED IN CONNECTION WITH THE
GOETHALS BRIDGE REPLACEMENT PROJECT**

WHEREAS, the existing Goethals Bridge ("Existing Bridge") opened on June 29, 1928, and connects the City of Elizabeth, New Jersey (hereinafter the "City") to Staten Island, New York providing vehicular traffic access between the New Jersey Turnpike, New Jersey Route 1, New Jersey Route 9, the Staten Island Expressway (I-278), and the Verrazano-Narrows Bridge. The Existing Bridge is currently operated by the Port Authority of New York and New Jersey ("Port Authority") forms a key part of the regional transportation network; and

WHEREAS, the Port Authority wishes to replace the Existing Bridge with a replacement Goethals Bridge (the "Replacement Bridge"). This project will consist of the designing, building, financing, and maintenance ("DBFM") of the Replacement Bridge; the work shall include the demolition and removal of the Existing Bridge and all associated work products and activities related thereto, as more fully described herein (collectively, the "Project"); and

WHEREAS, the City owns and Liberty Water maintains certain water mains that traverse through the proposed right-of-way of the Project and which may be impacted by the Project; and

WHEREAS, the Port Authority, the City and Liberty Water desire to cooperate for the purpose of ensuring that any utility adjustment work required to accommodate the Project is promptly performed in close coordination with the performance of the Project in order to reduce uncertainty and avoid delay; to ensure continuous operation of essential utilities; and to ensure that any utility adjustments are done in accord with City and Liberty Water engineering and operations standards; and

WHEREAS, the Mayor, as authorized by the City Council, and the Port Authority, under its powers as set forth in N.J.S.A. 32:1-1 et seq., have determined that it is in the parties' best interests to enter into a master utility agreement to establish the terms and conditions applicable to any utility adjustment work on the City's water system within the City Jurisdictional Area ("Agreement"); and

WHEREAS, this body, its professionals, and legal counsel have reviewed the proposed Agreement and believe that it serves to promote the welfare of the City's residents, subject to such revisions as may be approved by the Director of Public Works and the City Attorney of the City of Elizabeth.

NOW, THEREFORE, BE IT RESOLVED by the Municipal Council of the City of Elizabeth that:

(1) The City does hereby consent to the terms of the Agreement subject to such revisions as may be approved by the Director of Public Works and the City Attorney of the City of Elizabeth; and

(2) All applicable City officials are hereby authorized and directed to take such ministerial actions as are necessary to effectuate this resolution and the execution of the Agreement.

Councilman Grova stated that at the last pre-Council meeting he asked that these agreements be held. He requested to **TABLE** these agreements.

Councilman Mazza questioned what was the reason with Port Authority for these agreements.

Councilman Gonzalez stated that he is concerned as to what the Port Authority is going to do.

Councilman Grova stated that the ordinance regarding the access approach will be on first reading and it can be **TABLED**.

Councilman Grova **MOVED TO TABLE** the three (3) agreements, seconded by Councilman Gonzalez and

Which was carried unanimously.

Councilman Grova queried to what has been the revenue in the Municipal Court for the year 2013 compared to previous years.

Councilman Grova stated that he kept pushing to hire Sanitary Inspectors and two (2) inspectors were hired and the City became a little cleaner. He continued that they made revenue to cover their salaries. He stated that Mr. Perrotti passed away a year and a half ago and Febo Torres is by himself.

Councilman Grova stated that last year he asked where was the City with the Recycling Code and Tonnage Report for the years 2010 through 2012 compared with 2013. He continued that he does not see enforcement of recycling and was informed that Mr. Vella was going to be out there. He questioned if anything has been done in reference to recycling and what was the revenue. He stated further that not recycling hurts the City and at the same time, the City does not receive revenue.

Council President Galliman spoke to the Public Works Director replacing Mr. Perrotti, stating that Febo has been promoted, but needs another person.

The Chief Financial Officer gave an overview of what he will discuss: Budget, Municipal Budget, User Friendly and the Sewer Utility Budget.

The Chief Financial Officer stated that in April, 2013, all of the Directors sat with Mr. Pupo and went over their budgets. He continued that he introduced the budget on September 10, 2013, and plans for it to be adopted on November 12, 2013.

The Chief Financial Officer stated that the 2014 Municipal Budget was within all of the Caps with no layoffs or furloughs. He continued that the budget bills went out with a 7% increase, 4% City and 3% Board of Education. He stated further that the Board of Education increased their budget by 7½ %.

The Chief Financial Officer stated the 4% increase for the City is all mandated hospital debt, debt service and contracts. He continued that there is a huge decrease in Urban Enterprise Zone funds, He stated further that most of it is uncontrollable.

The Chief Financial Officer thanked the Administration and City Council for adopting the Hotel/Motel tax. He stated further that the tax collection rate is 96% and this is good for an urban city.

The Chief Financial Officer stated that this a user-friendly budget service and this is the first go-round. He continued that Schedule No. 1 is the summary of all major revenue and the tax levy for the municipality; Schedule No. 2 is Department of Personnel; Schedule No. 3 is structural imbalances with enough surplus going forward. He stated further that he is looking at a decrease in personnel because retirement will be looked at and there may be approximately one hundred thirty police and fire personnel with twenty five to thirty years of service. The Chief Financial Officer stated that some of the contributions will be an incentive to retire.

Councilman Cuesta stated that some people believe that the number of police officers will be reduced.

The Chief Financial Officer stated again, there have been no furloughs or layoffs.

Councilman Cuesta stated that he is guessing that the answer to his question is yes and this is a concern.

The Chief Financial Officer stated that most of the "big bucks" is Police and Fire.

Councilman Cuesta stated that he is anticipating that this will happen in 2014.

Council President Gallman stated that it is possible that there will be a decrease in personnel. He then questioned the increase in the sewer tax.

The Chief Financial Officer stated that the sewer tax has nothing to do with personnel.

Councilman Gonzalez stated that the City cannot afford to lose half of the number of police and fire. He questioned the COPS Grant.

The Chief Financial Officer stated that this is the Governor's CAP and this is what the municipality has to live with.

Councilwoman Perkins-Auguste announced that if the City loses one hundred thirty police and fire through attrition, the City cannot operate. She continued that right now both of the T/O's are so low, she cannot see how the City can be kept safe. She stated further that looking at how many part-timers the City has - and now their hours are going to be reduced. The Councilwoman stated that there are approximately two hundred seventy (270) part-timers.

The Chief Financial Officer stated that the City has to stay within the 2% CAP.

Councilwoman Perkins-Auguste stated that she never wants to be in comparison with Jersey City or Newark.

Councilman Mazza announced that in speaking of the 2% CAP, the Police and Fire Departments cannot be omitted. He continued that Council was speaking of replacing people to do a better job. Councilman Mazza stated that safety is a priority in our City. He continued that we must go against illegal conversions. He stated further that 1976 was the last time properties were reassessed and this is something that has to be given serious thought.

Councilman Grova echoed the sentiments of Councilman Mazza and wondered if the City could re-evaluate multiple dwellings because, in his opinion, they are not paying their fair share as one families. He stated further that you will find that most owners do not live in town.

Councilman Grova questioned the number of police officers that are currently employed by the City.

Mr. Pupo responded that there are three hundred twenty-two (322) police officers and two hundred twenty-nine (229) in the Fire Department.

Councilman Grova stated that the City needs to generate revenue.

Councilman Gonzalez stated he has quality of life issues and if the City has less, it is not going to work. He continued that the Directors have to work on titles that are going to generate revenue because these positions will bring a profit to the City. He stated further that Council always speak of Fire and Police. The Public Works Department is a "skeleton."

Councilman Gonzalez stated that the City of Elizabeth is the fourth largest city and there are less than 1,200 employees.

Councilman Mazza stated that the last time Council discussed recycling, all of the high school buildings are recycling and Pat Vella did a great job.

The Chief Financial Officer stated that the purpose is to address the problems now.

The Chief Financial Officer stated that Schedule 4 is the tax rates and taxpayer rates. Schedule 5 is assessed properties and exempt properties. He stated further that 50% of the City is tax exempt.

Councilwoman Perkins-Auguste stated that last year tax exempt properties were a little less. She questioned if the City looked into a Host Fee since most of the County's exempt properties are in our City.

Councilman Gonzalez announced that he wanted to highlight that 50% are residential properties.

Councilman Grova stated that Kenilworth is putting pressure on the County regarding the new gold course. He continued that the County is going to subsidize the golf course from the building. He asked the Law Department to look into it. He stated further that he cannot see why the City cannot tax the County. Councilman Grova stated that the City is either going to win or lose.

Councilman Mazza stated that we do not want to go to war because then they will tax us more. He stated further that if a person goes to Trinitas they will charge \$90.00 for an aspirin.

Councilman Keenan stated that Trinitas provides charity care to many of our residents.

Council President Gallman stated that once the Obama Care kicks in charity care will be no longer.

The Chief Financial Officer stated that the Port Authority of New York and New Jersey owns 30% of City property. He continued that Schedule 6 is tax abatements; IKEA and Danic are coming on board. He stated further that the City has to start thinking about residential tax abatements.

The Chief Financial Officer stated that Schedule 7 is a list of all full time employees and all personnel costs.

The Chief Financial Officer continued that Schedule 8 breaks down health benefits; lists by active 1,100 and inactive. He stated further that the cost for a family is \$25,000; husband and wife is \$20,000; parent and child \$15,000; single \$10,000.

Councilman Keenan announced that on employee healthcare, it reduces it for the City.

Councilman Grova stated if universal healthcare kicks off the bottom line is that a lot more people will be covered by insurance. He stated further that more people will be paying health costs, so the rates should drop.

The Chief Financial Officer stated that Schedule 9 is the City debt and lists our bond rating at A1; Schedule 10 lists shared services. He continued that the Sewer Utility is using \$5.5 million surplus and by 2015 the City will not have any surplus. He stated further that he does not see any settlement in the works.

The Chief Financial Officer requested for City Council to consider endorsing the sewer rate increase on November 12, 2013; effective January 1, 2014; if not, the City will be operating at a deficit. He stated that the City spent \$20 million dollars in sewer repairs and is paying off \$20 to \$24 million dollars in repairs. He continued that the City is the largest customer of the Joint Meeting at \$20 million. He stated further that these things are adding up. The Chief Financial Officer stated that there is no headway regarding the settlement or judgment.

The Chief Financial Officer stated that the bond rating, if it goes into a deficit, if it incurs a \$6 million dollar deficit times 20 equals \$120 million dollars, that will not be a deduction on your debt service and he is trying to avoid this. He continued that he has used small increments over a period of four years. He stated further that there would be a timing difference and a \$115 a quarter increase per household. The Chief Financial Officer stated that the City's infrastructure is one hundred years old and sometimes receives forgiven interest and cannot depend on the industrial customers because they are still going through mediation with a few of the residential customers.

Councilman Grova stated that the 1996-1997 agreement at the time is going forward for fifteen years and it was not a great deal and any repairs under \$10,000 dollars would be paid by American Water. He queried to is there an expiration on that agreement.

The attorney responded that it is for forty (40) years.

Councilman Grova stated that the City has not received anything from them. He continued that maybe the City should go to court, because they are getting the "meat and the topping." He continued that the City is spending \$20 million dollars and they are not spending one dime. He stated further that we are allowing American Water to control the repairs and they are not spending one dime.

Councilman Mazza questioned the quarterly charges and why are we doing this? He stated that the City is waiting for funding and is working on a quarterly basis. He questioned why, all of a sudden, we are paying on a quarterly basis, sewer, etc.

The Chief Financial Officer announced that the bills must be sent out approximately for one-half year. He stated that there was a \$75.00 increase for August and September.

The Chief Financial Officer stated that the City is working with the temporary budget until the budget is adopted on November 12, 2013.

Councilman Keenan stated that the Administration should have never allowed the City to be held hostage by a utility.

The Chief Financial Officer stated that the City has been in this lawsuit for three years.

Councilman Keenan queried to what can Council do to make sure that this is not ongoing. He stated that maybe they will agree to renegotiate the contract. He suggested to his colleagues to put the "Sewer" back on the agenda and look into a new rate design.

Councilman Grova stated that unless the City is allowed to bid out for repairs and renegotiate this contract.

Council President Gallman stated that he agrees and there needs to be involvement with the contractors.

Councilman Cedeno agrees with Councilman Grova and suggested to have a representative from the water company come before Council.

The Chief Financial Officer stated that the longer the City waits for the increase, the higher it can be.

Council President Gallman questioned if there is a \$5.5 million dollar surplus?

The Chief Financial Officer stated that the budget has \$17 million dollars and expenses of \$22.5 million dollars. He continued that the City will not have surplus to carry into 2015 and next year the City will have a deficit.

Councilman Grova announced that the City cannot allow the water company to spend the City's money and the City has no say. He stated further they are going to continue spending the money.

The Chief Financial Officer stated that the sewer rate increase must be separate.

The consensus was to leave the sewer rate increase off of the agenda by the following

vote:

AFFIRMATIVE: Perkins-Auguste, Cuesta, Grova,
Torres, Gonzalez, Keenan, Cedeno, Mazza,
and President Gallman - 9

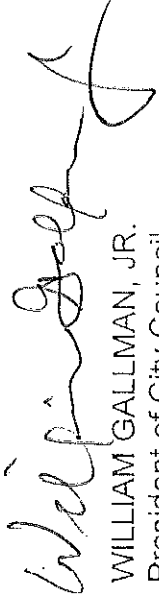
NEGATIVE: None

The Chief Financial Officer alerted City Council of the consequence of not having a sewer rate increase.

Councilwoman Perkins-Auguste moved that City Council do now adjourn,
Which was carried unanimously.

Whereupon Council President Gallman declared City Council adjourned at
7:50 p.m.

APPROVED


WILLIAM GALLMAN, JR.
President of City Council


YOLANDA M. ROBERTS, R.M.C.
City Clerk