

A special meeting of the City Council and Board of Education of the City of Vineland was held Monday, May 10, 2010 at 7:44 p.m., in the cafetorium of the Gloria M. Sabater Elementary School, 301 South East Boulevard, Vineland, New Jersey, pursuant to notice with Mr. Edward W. Conrow, City Council Vice President presiding and the following City Council members present: Mr. Albrecht and Mr. Coccaro along with the following School Board members: Mr. DeWinne, Mr. DiGiorgio, Mr. English, Mr. Fanucci, Mr. Franceschini, Dr. Mounier, Mrs. Phillips and Mr. Ulrich. Absent: Ms. Arroyo and Mr. Cresci, City Council Members and Ms. Rios, School Board Member.

Also present from the school district were the following: Dr. Banks, Superintendent, Dr. Gruccio, Assistant Superintendent, Mr. Franchetta, Board Secretary, and Mr. DeSanto, Board Solicitor. The following were also present from the city: Alfred Verderose, City Solicitor, Denise Monaco, City Business Administrator and Keith Petrosky, Municipal Clerk.

Flag Salute:

Mr. Petrosky announced that in compliance with the New Jersey meeting law commonly referred to as "The Sunshine Law," the Vineland Board of Education and Vineland City Council has caused notice of this meeting.

Dr. Banks said in February school districts across the state were advised by the governor that he would be withholding 100% of the surplus funds used to offset state aid. She said the figure for Vineland was approximately 13 million dollars. On March 1<sup>st</sup> Governor Christy presented his budget recommendations, which included an additional reduction of 5% in state aid to school districts. Dr. Banks said for Vineland that amount was a little over 10 million dollars. As of March 12, 2010 a projected loss in revenue was approximately 24 million dollars. Dr. Banks said despite the fact that we were reeling from these cuts we worked diligently to prepare a budget that would have as little impact on instruction as possible. We also worked to prepare a budget that would not place an unfair burden on the taxpayers. Dr. Banks said on March 22 the board adopted a tentative budget that passed along a zero percent increase to the taxpayers, which was submitted to the executive county superintendent for approval. The budget represented reductions in programs and some staff across the board while having minimal impact on the classroom. Among our proposed cuts was the elimination of summer school for the regular education population. On March 29 we received a letter from Dr. Stepura directing us to reinstate summer school at a cost of \$219,000. We were given a directive as to which monies in our proposed budget were to be reallocated for that purpose. Dr. Banks said we were also advised that those funds may not be transferred back into the account during the budget year. The board approved that adjustment at our March 30 public hearing on the budget.

Dr. Banks said on April 20 the school budget was defeated by 17 votes. She respectfully submits that this does not represent the mandate for additional cuts and is asking council not to impose any further cuts on this budget. Dr. Banks pointed out that at 22 million dollars we are way below our local fair share of 44.9 million dollars and this budget has as little impact on classroom and instruction as possible. She is concerned that any additional cuts will have a direct negative impact on our students in terms of the thorough and efficient education we are supposed to be giving them. Dr. Banks requests that council does not impose any cuts for the sake of 17 votes. She introduced Mr. Kevin Franchetta, School Business Administrator, to provide a detailed explanation of the budget and process.

Mr. Franchetta said he is going to explain the defeated budget process and the authority of city council on this budget issue. He said the school board election was held on Tuesday, April 20, 2010 and at that time the voters defeated the budget. There are 37,203.00 registered voters in the City of Vineland 4,266 cast ballots, which is a 11.47% voter turnout. Mr. Franchetta said 1,928 voters voted “yes” and 1,945 voters voted “no” the budget failed by 17 votes. Between the day after the budget was defeated and May 19 there are a series of things that must happen during that time window. The first thing that happens is that the executive county superintendent prepares a letter to the municipal clerk that outlines the budget process. On April 23 Mr. Franchetta said he provided to city council members via compact disk the information required for the review of the budget. A meeting has to be established to consult with municipal officials and the district to review the defeated budget information, which is why we are here tonight. Mr. Franchetta said notification of this meeting was sent to the executive county superintendent along with a copy of the disk. He said the district has the following responsibilities:

- Two days after the election prepare defeated budget information for city council.
- Provide salary and benefit information of district administrators and letter of transmittal.
- Establish a meeting date with municipal officials to review defeated budget information.
- Notify executive county superintendent of meeting date and advertise meeting under Open Public Meetings Act.

Mr. Franchetta said the following are the responsibilities of the Municipal Governing Body:

- By Wednesday, May 19<sup>th</sup> in the form of a resolution, the Municipality must certify the General Fund Tax Levy to the County Board of Taxation. A tax levy cannot be certified below the minimum levy required by N.J.S.A. 18A:7F-5.

Mr. Franchetta said the options that the Municipal Governing Body has for certifying a tax levy are:

- a. Certify tax levy as proposed.
- b. Reduce general fund appropriations.
- c. Increase other general fund revenues
- d. Any combination of b or c.

Mr. Franchetta said if the tax levy is decreased the governing body must also provide the Board of Education with a statement of the specific line-item reductions and revenue increases to offset the levy reduction. The governing body must also provide a certification attesting the revised budget is sufficient for provisions of a thorough and efficient system of education. Mr. Franchetta said the State of New Jersey believes that the City of Vineland should be contributing \$44,930,608 towards the Vineland Board of Education's budget and our proposed budget is \$22,026,538 so the city taxpayers are contributing approximately half of the money. Our tax rate is \$1.037 which was not an increase from the previous year and the maximum amount the budget could be reduced by is \$406,757. Mr. Franchetta said if the entire amount of \$406,757 was reduced in the budget it would decrease the tax rate to \$1.018, which would raise approximately \$208,484. This reduction means that a person with a house valued at \$100,000 would have a \$19.00 reduction in their tax rate and a \$200,000 house would have a \$38.00 reduction. Mr. Franchetta said our tax rate has been stable for the last ten years. He said the Department of Education calculated through a formula an Adequacy Budget, which is what district resources are necessary for a school district of 5,240 students. The state determined that we should have a general fund budget of \$129,000,000 to educate students and we are below our adequacy number. Since we are below adequacy the Municipal Governing Body has another responsibility, which is to certify a decrease from the proposed levy below the adequacy budget. The Municipality must also provide a specific written explanation and document by clear and convincing evidence for each line-item reduced that it either will not adversely affect thorough and efficient education or the Board of Education's overall operations given the need for long term planning and budgeting.

Mr. Franchetta said for certifications below the adequacy budget the burden of proof is on the Municipality and the reduced levy is sustainable for a thorough and efficient education. If City Council decides to cut the district's budget the Board of Education is not bound by municipal officials' specific line-item reductions. He said if the Board of Education disputes the reductions, the Executive County Superintendent will determine whether the revised budget is sufficient for a thorough and efficient education and maintain stability for a final budget approval. If the Board of Education disputes the reductions, the Executive County Superintendent will schedule a combined meeting with the Board of Education and governing bodies to reach an agreement. Mr. Franchetta said if the revised tax levy is agreed upon, the County Board of Taxation is notified. If no tax levy is certified by May 19 then the Commissioner must certify the tax rate under the law even if the dispute resolution continues. Mr. Franchetta said if the tax levy is certified and no agreement is reached, the Board of Education can file an Application for Restoration for some or all reductions, within 10 working days of the tax levy certification. If an Application for Restoration has been filed, negotiations can still continue toward an agreement as long as the Municipality certified a rate by May 19, then they can re-certify with a lesser cut after May 19 but cannot certify a greater cut. Mr. Franchetta said there is no requirement under law or regulation that the Commissioner's decision on Applications for Restoration will be finalized before tax bills are mailed.

Public Comments: Juan Luengo, Vineland Resident

Mr. Luengo expressed his concern that if the budget is cut further by City Council it will add to the misery and devastation that is already threatening the future of our educational system. He urged City Council Members to be courageous and leave the budget untouched.

Sal Emburgia, Vineland Education Association President

Mr. Emburgia said he is speaking on behalf of all of his members. He said if City Council is looking to have a wonderful public education system in Vineland then we would ask that you do not touch the budget. Mr. Emburgia said there is absolutely no increase in this budget and urged City Council to please keep in mind their vision of what public education is in Vineland before making a decision.

Board Member  
Comments:

Mr. DeWinne said this is a tough decision for City Council and wished them the best with that decision.

Mrs. Phillips said she appreciates Mr. Emburgia's words and cannot say anything better.

Mr. DiGiorgio thanked the two individuals who spoke and voiced their opinion.

Mr. Fanucci thanked the two gentlemen who spoke along with those in the audience this evening. He said the two speakers have addressed points better than he can possibly make with respect to the public education in Vineland.

Mr. Ulrich said that he was one of the voters who approved the budget for a zero percent tax increase. He said that his point of view is still the same and anybody who regularly watches the Board of Education knows that the personnel cuts being recommended by Dr. Banks weigh heavy on all of their hearts. Mr. Ulrich said no one wants to lose their job and his fear is with another \$400,000 being cut out of the budget which will impact decisions whether or not programs can be restored. He said that his fear is this can only lead to a worse situation than what we already have.

Mr. Franceschini thanked City Council for working with them. He said that he probably has eleven thousand students that would agree for you to not touch our budget. Mr. Franceschini said hopefully City Council will determine that we are fiscally responsible.

City Council  
Comments:

Mr. Albrecht said he thought the budget was going to be discussed in a small committee and not a formalized setting. He said even though the budget was defeated by 17 votes it is the responsibility of City Council to review.

Mr. Conrow said he agrees with Mr. Albrecht on some aspects. He thanked Mr. Franchetta for providing City Council Members with a copy of the budget. He said they have had an open line of communication have looked, listened and read some of the presentations. Mr. Conrow said tonight they lost two City Council Members due to possible conflicts. He said they have not determined yet whether they are going to cut the budget but would like to review the information and decide as a group on what they are going to do. Mr. Conrow said he will reach out to the Board President prior to any action that they decide to take. Mr. Conrow asked Mr. Albrecht if he has any specific budget questions that he would like clarified.

Mr. Albrecht said that he noticed that there were a lot of professional contracts that have gone up throughout the budget. He asked who gets a professional contract and is it something predetermined.

Mr. Franchetta said we have professional service contracts for attorneys, consultants, architects, doctors and for student special education evaluations.

Mr. Conrow asked for an explanation on the surplus guidelines and the impact of having surplus. Mr. Franchetta said we are only allowed to maintain two percent of our surplus and anything in excess of that two percent has to be reserved as fund balance for the next year's budget. As of June 30, 2009 our auditors identified 13 million dollars in the budget earmarked for next year. The governor changed the rules and confiscated the money to utilize to balance his budget. Mr. Franchetta said that left us with a hole. We put a freeze on purchase orders and spending within the district in order to conserve money for next year's budget. Through that process we budgeted in next year's budget 12 million dollars from not going forward with all this spending in this year's budget. Mr. Conrow asked if there is a 12 million dollar surplus for 2010-2011. Mr. Franchetta said yes it is to replace the 13 million that was taken from us. Mr. Conrow asked if the 12 million dollars will be put into the general budget or will it remain in surplus. Mr. Franchetta said that money will be earmarked immediately for next year's budget. Mr. Conrow asked Mr. Franchetta if he was anticipating additional surplus for the following year's budget. Mr. Franchetta explained that the utilization of surplus is like a drug you can get addicted to it and someday when it is not there you are a junkie. He said it is a double edged sword.

Mr. Albrecht asked what the standards are for a thorough and efficient education. Dr. Banks explained that it is a requirement regulated by the Department of Education. Mr. Albrecht said 407 thousand dollars can affect the entire overview of a thorough and efficient education in a 189 million dollar budget. Mr. Fanucci responded yes when you are dealing with the education system, which is a unique entity all to itself. He said it is not just 400 hundred thousand dollars alone and the public needs to be aware of that. Mr. Fanucci said it is important that in the process of moving forward that we as a board set up a town hall meetings to explain how the tax levy works and certain aspects of the budget so people are more informed and have a grasp of exactly what we are doing here.

Mr. Conrow asked if the 1.5% health benefit contribution goes through what the impact would be on the budget. Mr. Franchetta said we projected a refund to our health benefits account of 1.3 million dollars. Mr. Conrow asked how that money would be used. Mr. Franchetta said we allocated that money in our budget. Dr. Banks said we are concerned that if there is an injunction and it is taken away we will be 1.3 million dollars in the hole on top of the 400 thousand dollars.

Mr. Conrow asked what is the overtime amount. Mr. Franchetta said overtime is built in to the budget numbers but there are no separate line items for it. Mr. Conrow asked what is the projected overtime amount. Mr. Franchetta said he does not know right now but can get that answer for him. Mr. Conrow asked what the bulk of the overtime is used for. Mr. Franchetta said the majority is for maintenance operations.

Mr. Albrecht asked if there are any major upgrades for the garage in the budget. Mr. Franchetta responded no. Mr. Albrecht asked if we are required by the state to provide a wash bay facility. Mr. Franchetta said no not yet. Mr. Albrecht asked if there are any other areas that can be a shared service opportunity in the budget. Mr. Fanucci said possibly our attorneys can discuss the legalities of Comcast and an additional television station.

Mr. Ulrich asked if there is a possibility we coordinate services with salt, snow removal and fuel. Dr. Banks said we did work closely with the mayor in regards to snow removal services, which worked out nicely.

Mr. Franceschini said there is a lot of talent on both City Council and the School Board and he feels it is a good idea to meet on a regular basis. He said you can only hold spending for so long and sooner or later supplies will diminish. Mr. Franceschini said we are looking closer at overtime.

Mr. Albrecht asked if 82 jobs were cut in the district. Mr. Franchetta said somewhere around that amount. Mr. Conrow asked if any of them were due to retirements. Dr. Banks said when we had to put this budget together we did not know what individuals would be retiring. She said the budget that was submitted to the county superintendent for approval incorporated some of that. Mr. Albrecht asked if there are currently any administrative positions vacant. Dr. Banks responded yes. Mr. Albrecht asked approximately how many. Dr. Banks said maybe six. Mr. Conrow asked if these positions will be filled or left open. Dr. Banks said it is a combination because some need to be filled. Mr. Albrecht asked what the titles are of the positions that need to be filled. Dr. Banks said we have assistant principalships and a couple supervisor positions. Mr. Conrow asked if could be provided with a breakdown of the vacant administrative positions and positions projected to be open. Dr. Banks said absolutely.

Mr. Albrecht asked if he is correct in saying that if any cuts or additions are made by the city a line item has to be provided and the school board can change it any way they want. Mr. Franchetta said yes the exact line item has to be provided as to where the cut should come from and the board has the decision to accept it or not. Mr. Albrecht questioned the amount the city could cut or change. Mr. Franchetta said the city can change zero to 406 thousand dollars in the budget. Mr. Conrow said the city has to provide a justification for any area that they want to cut and the school board has the authority to readjust areas based on their needs. Dr. Banks said that is correct.

Mr. Conrow thanked the public who attended tonight's meeting. He said tomorrow night the city has a regular council meeting with a pre-meeting conference held before the regular meeting. He said hopefully by the end of the week they will have an idea as to which way they are going. Mr. Conrow said they will have to have a resolution by Wednesday, May 19.

The meeting was adjourned by voice vote at 8:53 p.m.

Respectfully submitted,

Kevin J. Franchetta, CPA  
Board Secretary

Keith Petrosky  
Municipal Clerk