

**SUMMARY MINUTES OF NOVEMBER 9, 2010  
EXECUTIVE SESSION TO DISCUSS LITIGATION AND CONTRACT NEGOTIATIONS**

The regular meeting of November 9, 2010, was adjourned to a closed session to discuss litigation and contract matters. Steve Kessler, Assessor, and George D'Angelo from Vital Communications, were present to discuss the issue pertaining to the assessment of the Barrington Business Center. Steve reported to the governing body that they have filed an appeal requesting that their assessment be reduced to fifteen million dollars. They presently have no tenants and are not generating income. Councilman Popiolek said that he believes their current assessment of \$29,000,000 is fair based on the square footage of the complex. Also, we have a business, Cooper Vault, that would love to purchase a piece of their property and locate his business there but they have no interest in considering this. Tim Higgins explained that the primary way a property like this is assessed is based on the income and expense method. Right now they have no income. Terry asked George what the assessment would have been if when they did the reveal they had known there were no tenants. George responded that this is a transit warehouse with close proximity to rail and Rt. 295. Their attorney says they can only get three dollars per square foot. Their existing leases were between five dollars and five fifty per square foot. The court likes to see stabilized income and expenses. Even if the building is vacancy, if typical vacancy is fifteen percent, you use fifteen percent. Same applies to expenses and income. You use the market standards. The dilemma we are in is this outside of what Steve can do. If you put an addition on your house Steve prepared the added assessment. However in this case, just because they get a tenant, we cannot go back and raise the assessment once we have reduced it. Steve said the current assessment was based on their rental information as of October, 2009. George said this property sold in 2005 for thirty million and again in 2007 for about forty million. We have it assessed at twenty nine million which is about the right portion of the property that is in Barrington. They claim they are about 80% vacant right now. Kirk said we have them on a national campaign through the Camden County Improvement Authority to market the property. They have had some possibilities that did not pan out. George said that by way of discovery we can get copies of the leases. Tim said we have requested this information through discovery. George said it may be a good idea to engage an appraiser once we have the financial information and they would be paid under the terms of their contract. Tim said we need their documents as the burden of proof is on them. The 2010 appeal has already been filed with the tax court so there is nothing the governing body can do now. This is strictly an FYI for now. Terry asked what we think the court will do. Tim said if this goes to trial we are looking at the latter part of next year. They are in arrears on the third and fourth quarter taxes. They will have to bring their taxes current before they can file again for 2011. Steve said they don't have to file for 2011. They can bank on 2010 and then invoke the Freeze Act. Tim said that would be too much of a risk for them because of all the income they have lost during 2010. Terry asked if they may get an assessment of fifteen million. The burden of that fourteen million dollar reduction would fall to the taxpayers. Can we negotiate with them? Do they understand the impact such a reduction would have? After more discussion it was determined that after we receive all their paperwork, we will try to set up a meeting with the owners to see if we can arrive at a reasonable settlement. Steve said he would call them tomorrow and we will try to

arrange a meeting with the BBC principal owners and representatives from the governing body. Mayor Rink indicated he would try to attend and would see who else is available.

The next topic discussed during the closed session was the status of talks with the PBA regarding contract concessions. Councilman Popiolek said he has met with Steve Kelly and Kevin Hibbitt twice in regards to keeping dialogue open. The current contract expires in 2010. While they seemed concerned about our budgetary shortfalls they have some concerns of their own. A couple of the items explored were the 1.5% healthcare contribution which would save the borough \$15,000, cutting the raise from 5% which given this economy is very high, and also furloughs. The PBA's position is that are not willing to discuss the 1.5%, they are not in favor of furlough days nor are they in favor of a reduction in their salary increase. They are in favor of the governing body promoting a patrolman to corporal and a corporal to sergeant to reduce the need for overtime. They have a policy where there always has to be a supervisor on duty without exception. Right now the way the schedule is since one sergeant has been moved into the office of detective this leaves that platoon with only a corporal and a patrolman. If the corporal is off it creates the need for a supervisor to come in for overtime. They are suggesting that if we promote it would dramatically reduce overtime. Councilman Dinella said they need to look at how they are deploying their manpower. He feels the department needs to be managed differently. Kirk said one of the things the Kroll study recommended is a modified schedule to structure the platoon during the day without a patrol supervisor as we have the chief and captain on duty in the building. The cutbacks they are willing to consider is to take their raise of 5% and reduce it to 2.5% for six month and then add the other 2.5% for the last six months. They say this will save \$12,000 but he wants Denise to confirm these numbers. Regarding overtime, they are proposing that in 2011 one third of overtime be taken in cash and two thirds in comp time. Terry asked if having them take two thirds in comp time would create scheduling problems resulting in overtime. Tim believes this violates the federal Fair Labor Standards Act. They are also willing to forego shift differential for 2011. By their calculations, the total savings with these concessions is \$49,000 but we are not sure this is correct. Kirk had asked them for \$50,000 in hard savings. Laying off one patrolman would keep the department expenses flat for next year. At this point, CFO Denise Moules joined the meeting to discuss the numbers. Kirk reiterated what he had already discussed so Denise could hear the PBA proposal. Denise said she spoke to the auditor today and the most of a levy increase we can have is \$88,000. She ran down the increases already known such as healthcare and pension and we are left with only \$63,000. That is the police increase alone. We still have issues with utilities as we cut it so tight this year. There is no money to play with in terms of the levy cap. We are putting very little into surplus this year, maybe twenty to thirty thousand. Denise explained that the reason we could sustain their 5% increases in prior years was because of the retirement of DiAmore and Devlin. There was enough breakage to absorb the increases however that is not the case for 2011. Terry said that police across the board are resisting the 1.5% healthcare contribution. Even the FOP, who is much less militant than the PBA, are resisting as they believe they will be able to get legislation enacted that exempts public safety. Also, they cannot keep trying to give us the concessions in hours. It is not real money. After more discussion, it was determined that we needed the following in concessions: \$17,000 for shift differential and \$36,900 in salary increases by reducing their increase from 5% down to 2%, which is the statutory limit for

increases in expenditures, and \$6000 for holiday pay. Terry said that is more than the \$50,000 we originally told them we needed and that damages your credibility but the group felt it gave us negotiation room. Tim will prepare the letter to go to the PBA.

On a motion by Councilman Vincent, which was seconded by everyone else, the closed session was adjourned at 10:30pm.

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Terry Shannon, Municipal Clerk