

**SPECIAL MEETING
OF THE
CAPE MAY CITY COUNCIL**

Wednesday, January 18, 2012

9:30 A.M.

The special meeting of City Council of the City of Cape May was called to order by Mayor Mahaney at 9:30 A.M. on Wednesday, January 18, 2012, in the Cape May City Hall Auditorium. The Deputy Clerk called the roll and the Pledge of Allegiance was recited.

Present: Councilmember Deanna Fiocca
Mayor Edward J. Mahaney, Jr.
Councilmember William H. Murray
Councilmember Terri L. Swain
Deputy Mayor Jack Wichterman

Also Present: City Manager Bruce MacLeod
City Treasurer James Penn
City Auditor Leon Costello
Deputy Clerk Louise Cummiskey

Mayor Mahaney announced that under the Open Public Meetings Law, notice of this meeting was sent to the Cape May Star and Wave and The Press and a copy of the agenda was delivered to each Member of Council and was posted on the City Hall Bulletin Board.

Mayor Mahaney announces that today, the City Manager will present his Budget to Council and said presentation is the sole purpose of today's Special Meeting. No questions will be entertained from the public until after the presentation.

City Manager, Bruce MacLeod, reads his opening statement, a copy of which is attached hereto, which statement provides an overview of his "working budget document." In his statement, Mr. MacLeod tells us that even though a few of the City's revenues were less than anticipated, The City ended the year 2011 with an "unaudited" surplus balance of \$3,250,000.

A power point presentation follows during which Mr. MacLeod elaborates on key items contained in the budget.

Mayor Mahaney thanks Mr. MacLeod for an outstanding budget presentation. For the benefit of the public, the Mayor asks Mr. Costello to explain the criteria used to establish a bond rating for a Municipality and the importance of a high bond rating. Mr. Costello complies by explaining that if a Municipality has a high rating, they will get a lower interest rate and he advises that the rating agencies look for management stability, the preservation of assets, projections of future bond sale dates, and the municipality's fund balance from year to year in determining the rating. Currently, the City of Cape May's rating is AA and as a result, Mr. Costello advises that the purchaser of the bond usually opts not to obtain insurance which will save the City insurance costs.

Mayor Mahaney asks Mr. Costello to elaborate on the Tourism Utility Budget. Mr. Costello advises that every expenditure must be supported by an appropriation so when the Utility takes in money, they will have the ability to expend money. For the year 2013, the City will create a basis of known revenue and known expense and that will build the basis for following years.

Deputy Mayor Wichterman asks Mr. Costello to expand on the upcoming Bond Sale and the impact on the tax rate of the City of Cape May. Mr. Costello says currently, there will be a reduction of a little over \$800,000 in debt service in 2014. Another \$507,000 deduction in debt service will occur in 2015. When the \$10 million bond sale occurs in 2013, the first payments will be due in 2014 and those payments will take the place of the \$800,000 in debt service that has been satisfied. The following year, the \$6.3 million loan will take the place of the \$500,000 that has been satisfied. When you look at the overall debt service that has been paid, the amount will be substantially the same advises Mr. Costello.

Councilmember Swain asks Mr. MacLeod about O & E allocations in the W/S Utility and the percentage used in calculating same. Mr. MacLeod explains the process. Ms. Swain then asks about the cost of the National Lifeguard event and whether said cost is included in the budget of the Beach Utility. Mr. MacLeod advises that this year, the cost to put on the event will be minimal as the equipment that was previously purchased is still available and there will be no additional expense for same. The only cost to the City will be for setting up and traffic maintenance.

Councilmember Murray thanks Mr. Macleod, Mr. Costello and Mr. Penn for their conservative approach concerning the budget.

Councilmember Fiocca appreciates the effort and the great job performed in the budget preparation and thanks all for their hard work.

Deputy Mayor Wichterman comments about the responsibility of the City of Cape May to sell the new Convention Hall and he believes we have the right people on board to do so. He thanks Mr. MacLeod, Mr. Costello and Mr. Penn for a great job.

PUBLIC PORTION: Those wishing to publicly comment shall come forward, give their name and address and speak into the microphone. Each speaker will be limited to five (5) minutes.

Jerry Gaffney, 810 Columbia Avenue, Cape May, NJ commends Mr. MacLeod on an excellent presentation. He asks whether the City will increase the cost of beach tags in 2013 and Mr. MacLeod explains that if expenses continue to rise, we will need to make sure we have the revenue to support those expenses. Next, Mr. Gaffney asks about the Tourism Utility Budget and how it will be supported for the first year. Mr. MacLeod explains the process. Mr. Gaffney then comments on the rise in health care costs and suggests that the City of Cape May consider looking into other options.

Mayor Mahaney asks the Clerk's Office to get in touch with Council to set up some discussion sessions to talk about items of concern regarding the budget.

Motion made Deputy Mayor Wichterman, seconded by Councilmember Murray to adjourn. The meeting adjourned at approximately 11:45 A.M.

Edward J. Mahaney, Jr., Mayor

Jack Wichterman, Deputy Mayor

Deanna Fiocca, Councilmember

Terri L. Swain, Councilmember

William H. Murray, Councilmember

Diane L. Weldon, City Clerk