
TOWNSHIP OF WEST MILFORD, COUNTY OF PASSAIC, NEW JERSEY

Minutes of: Township Council Special Meeting
Date of Meeting: February 10, 2007
Time of Meeting: 9:00 A.M.
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Mayor Joseph Di Donato called the Special Meeting of the West Milford Township Council to order.

Adequate Notice Statement

Mayor Di Donato read the following statement:
Please note that in accordance with Chapter 231, Public Laws of 1975 of New Jersey, adequate advance notice of this Special Meeting was advertised in the Herald News in its issue of February 9, 2007; copies were provided to the Record, Star Ledger, Suburban Trends and Greenwood Lake News and posted continuously on the bulletin board in the main corridor of the Town Hall and on file in the Office of the Township Clerk.

Pledge of Allegiance

Mayor Di Donato led all in attendance in a salute to the flag.

Roll Call

Present: Councilmembers Philip Weisbecker (arrived @ 9:02 a.m.), Joseph Smolinski, Salvatore Schimmenti, Robert Nolan (arrived @ 9:06 a.m.), James Warden (arrived @ 9:03 a.m.), Carmelo Scangarello.
Mayor Joseph DiDonato
Absent: None.
Also Present: Township Administrator Richard Kunze, Township Clerk Antoinette Battaglia, Township Chief Financial Officer Arthur Magnotti,

Budget Overview

Mayor DiDonato announced that the purpose of this meeting is to review the proposed 2007 Municipal Budget. He introduced Mr. Chuck Ferraioli, the Township Auditor to speak to the Council about the proposed budget and the municipality's financial status. Mr. Ferraioli distributed copies of the Annual Debt Statement to the Council and directed them to an overview of that document. He noted that the front page of the Annual Debt Statement indicates the amount of debt the municipality has and which the taxpayers are responsible for. School and County debt is not included in this document. The Township of West Milford had a debt of just over \$24 million. We are allowed, under law, to carry debt in an amount equal to 3½% of the Townships equalized valuation which is over \$3 million. This number is important because of the impact it has on a municipality's credit rating. West Milford currently has an A1 credit rating and the next step would be a rating of "AA". Only one municipality in Passaic County has such a rating. He anticipates, without any guarantees, that after the next census West Milford can attain such a rating. West Milford carries a debt significantly below the amount the Township could borrow. The policy in this municipality has generally been to keep bonds compact with a repayment schedule of no more than ten years. Last year was reasonable in terms of growth given the fact that the assumption is that the Highlands Act would limit our growth potential. We will have to track permitting and the associated fees carefully so that we can approach Trenton in the future with specific data as to how the Highlands Act is impacting the municipality and to seek aid. This year, Mr. Ferraioli does not see a spending CAP problem for West Milford.

Mr. Ferraioli noted that the Township has approximately \$1.1 million in the current fund from the "redevelopment property". The Open Space Fund has a balance of \$949,000. He referred the Council to the second page of the Annual Debt Statement and noted that his recommendation to the Council is that they use surplus funds for this budget in an amount of \$100,000 less than that used last year. He may have to revisit this number and his recommendation when the deferred school tax levy numbers come in. He cautioned the Council that, when determining this year's budget, they look forward to next year. The goal, he said, is to try to keep the tax rate level rather than having taxpayers subjected to large fluctuations. He and the Council discussed the impact of deferred school tax on the Council's review of defeated school budgets.

The Council reviewed foreclosures and Mr. Ferraioli counseled them on the need to get foreclosed properties back as ratables by selling those properties that can be sold.

Mr. Ferraioli advised the Council that the DCA has advised municipalities to use last year's State aid numbers when drafting their budgets for this year. While it is not anticipated that there will be any increases in State aid, it is assumed that State aid will remain stable. In previous years, municipalities have applied for extraordinary aid if they expect their tax levy to be 10% or more over the previous year. West Milford does not expect to propose such a tax levy this year. Mr. Ferraioli reviewed construction permitting fees with the Council. While reviewing grants, Mr. Ferraioli noted that, at this time of year, the number is generally lower than the actual amount the Township may realize in grant funding. The total budget for 2007, at this time, is \$28,461,501.

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Mr. Ferraioli directed the Council to the next two pages which reflect surplus accounts. All credits are good and debits reduce the surplus amount. In 2006, the Township collected \$594,453 above the amount budgeted. This will impact the amount we must budget this year for reserves for uncollected taxes and the Township calculates that amount for 2007 to be \$1,780,000. This is the first increase in a few years to the reserve and the amount is dictated by law. The tax levy is increasing so the amount of taxes uncollected should be increased. He reviewed some specifics of surplus debits and credits. He noted that the deferred school tax added \$1,065,000 to surplus. He also noted that, for two years, the Township has not issued any notes and has been funding capital projects from the capital fund. Therefore, at the beginning of 2006 the amount in surplus was \$4,765,803 and at the end of the year the balance was \$2,105,961. To understand these figures it is necessary to look at the inter-funds. He explained the inter-funds and concluded that the actual reduction to the surplus is \$196,000. Therefore, he recommended that the Council use \$100,000 less from surplus this year than was appropriated in 2006 to fund the 2007 budget.

Mr. Ferraioli directed the Council to the last page of the Annual Debt Statement which addresses the net value and the assessed value of the town. One tax point in 2007 equates to \$151,584. The average home in West Milford is assessed at \$130,000 which equates to one tax point equaling \$13 for the average homeowner. Open Space is one point and the municipal levy, with the proposed budget, would increase by 8.4 tax points. The garbage budget is 1.1 tax points. Therefore, the average homeowner would see an increase of \$109.10 in municipal taxes and \$123.22 for garbage. He reviewed the increases over which the Council has no control (pension, garbage, and Library) which equates to approximately half of the increase. The Council discussed these items with Mr. Ferraioli.

On behalf of the Council, Mayor DiDonato thanked Mr. Ferraioli for his presentation today.

Administrator Kunze reviewed his 2007 budget narrative with the Council which gave a brief synopsis of certain areas that will be addressed in greater detail as each department head addresses their budgets with Council. Mr. Kunze then directed the Council to the Administrator's budget. He advised that the increase to salaries and wages reflect the recent settlement of the Guild contract. Funds for the wage increases are being allocated to each line item so that the payments can be made. The operating budget remains flat with minor adjustments between line items. The fee-for-service account is a contingency account and he gave examples of how these funds were allocated in 2006. This year the Township is planning sexual harassment training and other human resources initiatives which will be paid from this line item. The Human Resource and Mayor & Council budgets are generally flat. The Information/Technology budget reflects increases for maintenance contracts and software vendors. In response to a query from Councilman Nolan, the CFO advised that the financial software is highly specialized and the vendor does not have a pay-as-you-go option. Mr. Kunze advised that the Township is planning many upgrades to the website in 2007 and new software for the regulatory departments. The legal account has stayed flat in 2007 and Mr. Kunze explained that the General Services account provides administrative support throughout the Township in a cost-effective manner. He reviewed the Insurance accounts which reflect proposed increases because of increased premiums and increased claims. Councilman Nolan instructed the Administrator to schedule an Insurance Committee meeting to review the increased claims and health plan options. Mr. Kunze advised that the Heritage Committee had requested \$9,000 but he cut that and is asking the Council to appropriate \$3,000 for this account.

Ms. Battaglia reviewed the Clerk's budget with the Council. She advised that, overall, there is a \$4,000 reduction in the budget. She is requesting an appropriation for codification which will be an annual expense henceforth. She is also requesting a \$4,000 appropriation of specialized office supplies to ensure that permanent records are maintained in conformance with regulations and advised that this task must be completed for records generated in the past thirty years. All other items remain flat. No changes have been made to the Elections budget for 2007.

The Chief Financial Officer, Arthur Magnotti, stated that the Treasurer's budget remains flat except for a requested increase to the fees-for-service line item. This increase would fund the acquisition of a fixed asset system. He is requesting a \$2,000 increase to the Tax Collector's budget which would cover the cost of estimated tax bills. The Township had never budgeted for this in the past and, if the budget is adopted before May, there will be no need for estimated tax bills. There is a slight increase proposed for the Tax Assessor's office because of increased printing costs. The clothing allowance in this budget is for shoes pursuant to the contract. The Tax Assessor is a full-time employee in West Milford, he works part time in other towns on his own time.

Administrator Kunze reviewed the energy costs with the Council. Councilman Weisbecker noted that the Township is currently conducting an audit on all utilities. Councilman Nolan advised that

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it is estimated that electric costs will increase by 10% this year. He asked the Administrator to consider motion detector lights at Bubbling Springs because the lights are left on for considerable stretches of time at that facility. The projections for the telephone bills are based on the actual bills. Administrator Kunze advised that the Township is researching the possibility of getting a new telephone system which will be more efficient. Councilman Schimmenti asked why the appropriation for the telephone at the Museum is \$700. Councilman Nolan stated that there is one telephone at the Museum and this appropriation covers the associated monthly cost for that line. Administrator Kunze advised that the requested appropriation for natural and propane gas remains the same as last year even though we have had a mild winter. He will revisit this line item further in the budget process. He noted that many of the Township's facilities are old and the costs are high due to inefficiencies. He advised that the Energy Committee is reviewing cost saving measures for vehicle fuels. He is requesting a \$50,000 increase in this line item.

Administrator Kunze reviewed the pension, social security, and salary and wage accounts. He advised that the compensated absences account is designated to appropriate funds for compensation on expected retirement payouts. This requested appropriation may increase because he expects more retirements in 2007.

Councilman Warden noted that there is an appropriation in this budget for tourism but there is no appropriation for weed harvesting. Administrator Kunze advised that the appropriation for weed harvesting in this year's budget is that same amount that was funded in 2006.

Public Comments

Mayor Di Donato opened the meeting to the public. No one expressed an interest in being heard.

Councilman Weisbecker made a motion to close the public portion of the meeting.

Moved: Weisbecker Seconded: Scangarello
Voted Aye: Weisbecker, Smolinski, Schimmenti, Nolan, Warden, Scangarello.
Voted Nay: None.
Motion carried.

Adjournment

There being no further business to come before the Council, the Township Council adjourned the meeting at 11:44 a.m.

Moved: Weisbecker Seconded: Nolan
Voted Aye: Weisbecker, Smolinski, Schimmenti, Nolan, Warden, Scangarello.
Voted Nay: None.
Motion carried.

Approved: February 28, 2007

MAYOR JOSEPH DIDONATO
PRESIDING OFFICER

ANTOINETTE BATTAGLIA
TOWNSHIP CLERK