
TOWNSHIP OF WEST MILFORD, COUNTY OF PASSAIC, NEW JERSEY

Minutes of: Governing Body Special Meeting
Date of Meeting: February 27, 2018
Time of Meeting: 6:30 pm
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The Special Meeting of the Governing Body was called to order by Mayor Bettina Bieri.

Adequate Notice Statement

Mayor Bieri 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 25, 2018; copies were provided to the Suburban Trends, the Record and Star Ledger 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.

Please also make note of all fire and emergency exits - located to the left, right, front and rear of this room - for use in case of an emergency. Thank you.

Agenda No. I

Pledge of Allegiance

Mayor Bieri led all in attendance in a salute to the flag.

Agenda No. II

Roll Call

Present: Councilmembers Andrena Pegel, Mike Hensley (arrived at 6:46), Tim Wagner, Peter McGuinness, Luciano Signorino, Patricia Gerst, Mayor Bettina Bieri

Absent: None

Also Present: Township Administrator/Clerk Antoinette Battaglia

Agenda No. III

Purpose

Review of the proposed 2018 Capital Budget
Annual Financial Statement
Preliminary Review of the 2018 Municipal Budget

Agenda No. IV

Review of the 2018 Municipal Budget

Mr. Casey suggested that they invert the order and start reviewing the Township's financial condition; he referred to the 2018 Capital Budget Survey. He noted that the Township ended the year in very good, strong financial condition. They accomplished every one of the budget projections in terms of revenues, maintained fund balances and increased the overall cash position. The Township is ahead because they regenerated what was used. In the draft budget he began with \$3 million which is the highest amount of surplus. He said to disregard what happened in 2016 because of the \$800,000 for Newark. Mr. Casey explained that surplus regeneration comes from several locations; delinquent and excess taxes. He noted that they expend approximately 97% overall of the budget and that's not an unusual number; whatever they don't spend rolls into the surplus number of the next year. He said that he will explain the funds leftover in 2017 that will become surplus in 2019.

Mr. Casey spoke about Miscellaneous Revenues Not Anticipated (MRNA); they can't count it because they don't know what the number is. Everything in MRNA goes into surplus. Councilman Signorino asked about the additional collections from the Building Department and where that number fits in the budget. Mr. Casey said that number is on the top line (MRNA). They anticipate \$350,000 in building inspection fees. When he prepares a budget they anticipate those revenues conservatively. Mr. Casey said that he goes through MRNA every year to see if there is a commonality. The insurance dividend has been fairly common. He refers back four to five years looking for trend lines. The county takes the Township's tax assessment and factoring based upon the sales history of the town, and its' equalized to match the market. The ratio is approximately 90%, and it's a bad number. Mr. Casey said the local economy is not growing and there is no relief to the taxpayers. Mayor Bieri noted that when the county passes their budget and leaves a flat tax, the Township would decrease even though the county is flat.

Councilman McGuinness asked for a breakdown of the categories on each line item and asked for the final number. Mr. Casey said the audit has a page that shows the original appropriation for every line item. Mrs. Mageean said that she will provide the Governing Body with a breakdown but it will not agree to the number because additional money has been spent at the end of last year. Councilman Signorino asked for the snapshot from December 31st so they can find out what has changed since then. Councilman McGuinness said the report should reflect as of February 27th so he can have an idea on the categories.

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Mr. Casey noted that the recommended budget is basically the 2017 budget carried over; there is nothing new or different. There are a few items added for small capital improvements and one personnel change. Mayor Bieri said the increase has nothing to do with their expenditures but there are costs that are out of their control. Mr. Casey said 2/3 of the costs are debt and pension. Mr. Casey explained that the Township sold a \$12 million ban last year, and the effective tax rate they paid was 1.025%. The face value of the ban was at 3%. The budget shows the ban at 3% face value, the bidder gave a premium of \$230,000 for the privilege of buying the ban. The debt service shows an increase, and the net payment revenue that came in dropped down to 1%. He provided a three year projection of revenues.

Mr. Casey projected that the tax will change from 82.1% to 85.3%, so there is a three cent tax increase. The average assessed home is \$247,000, and each tax point is \$24, so the budget as it currently stands has a tax increase of approximately \$70 for the average resident; both revenue and expense. Councilman Wagner asked if Mr. Casey was basing that on reduced capital. Mr. Casey explained that the capital needs to be kept under \$3 million, and he compiled a capital of \$2.5 million. The \$70 per household is based on \$2.5 million capital. Councilman Signorino said that \$2.5 million sounds a little high. Councilman Signorino asked when the drop off year is, and Mr. Casey said 2021-2022 and next year they are projecting a debt increase of 2 cents.

Councilman Wagner asked what changes and recommendations Mr. Casey has. Mr. Casey explained that the detailed budget has two columns; department requests and recommendations. There are requests for two Police Officers, four DPW employees, one employee in the Tax Department, and one additional person in Community Services and Recreation; all not funded. There were reductions he made in the DPW because he thought they were aggressive and higher than in the past. He noted that the department budgets came in flat. Councilman Wagner asked the amount in the Storm Recovery Account, and Mrs. Mageean said approximately \$700,000. Mr. Casey requested to review the capital budget because there are certain items that could mirror what they did last year. Mr. Casey explained that there is flexibility in the account and he will not know the exact number until the large appropriations are closed out. He suggested a three-year moving average; the trust should have 50% reserve, and if there is a bad winter they use the reserve and that is the way to use the trust account. He said that he will provide a report on the 2017 costs.

Councilman Wagner asked for the number they have to come up with to acquire a zero tax increase. Mr. Casey said at least \$800,000 has to be removed from the budget to get to a zero tax increase. Councilman McGuinness noted that some of those costs are non-controllable. Mr. Casey said the Police and Fire Pension is up fairly significantly. Councilman McGuinness said the Fire Department is steady and it is not LOSAP. Mr. Casey said Police and Fire is the name of the pension fund and only the Police Department's pension has increased. LOSAP is a separate item and it has been stable throughout the years and has no extended liability. He said the annual police statement reflects that the biggest part of police costs is accrued unfunded liability; people are living longer, working longer and making more money than projected years back. Councilwoman Pegel asked if this could reflect back to 2015, and Mr. Casey said the budget sheet reflects back to 2015 with a breakdown of the budget for 2015.

Mr. Casey said the Township has a lot of unfunded capital ordinances but they were bought down by the unfunded liabilities. He explained that if the bond market sees a large, unfunded liability, they will question the unfunded liabilities. Councilman McGuinness asked for an example of an unfunded liability. Mr. Casey explained having a bond ordinance for \$3 million, only floating \$2 million in bonds but spending \$2.5 million. The cash is coming from the cash flow in the account, and at one point in time they need to be paid off. Mr. Casey recommended discussing the salaries account; he generated a computer calculation listing all the salaries. He said the total salary amount in the 2017 budget was approximately \$13 million. It increased \$383,000; the last three years there were no labor contracts and no agreed upon salaries. Police Patrol, the largest line item in the budget increased \$127,000; that's the Township's contractual obligation. Mr. Casey spoke about why reserved for tax appeals is the biggest increase in the budget. The tax budget is \$101 million dollars; if the funds drop because of the economy, the Township will be covered because he built a cushion into the budget. Councilman McGuinness asked the amount of uncollected or 2017, and Mr. Casey said \$2.125 million. \$500,000 was surplus and it was not used.

Mr. Casey noted that they are anticipating a minimum wage increase that will affect the summer recreation programs. Councilman McGuinness asked when the wages will officially increase. Administrator Battaglia explained that they started the personnel action forms at the same rate of last year, but they are anticipating that if the minimum wage increases, they will have to adjust the forms to reflect the new wages. Mr. Casey said that he anticipated the wage increase early because it was agreed upon by the democratic platform. Mr. Casey identified that the Township is spending a lot of money on payroll processing that was never spent before. Mr. Casey noted that Hillcrest is not in the budget. He said that the Governing Body should spend some time with the Fire Department to discuss their \$46,000 request. Mr. Casey confirmed that actual municipal tax increase is \$813,000, and that is what would have to be deducted from the budget to get to a zero tax increase. He noted that the assessed valuation decreased to \$6 million. Councilman Signorino asked how to keep the construction fees flat. Mr. Casey said that discussion needs to take place with Mr. Ligus. Mr. Casey noted that the numbers in the budget are from the accounting books. Finally, ShopRite and TJMaxx brought in their building permits. He said that the majority of the large building permits already came in.

