
TOWNSHIP OF WEST MILFORD, COUNTY OF PASSAIC, NEW JERSEY

Minutes of: Governing Body Special Meeting
Date of Meeting: March 22, 2017
Time of Meeting: 6:30 P.M.
Minute Page No: Page 1 of 5

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 12, 2017; 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 Ada Erik, Mike Hensley, Tim Wagner, Pete McGuinness,
Luciano Signorino, Marilyn Lichtenberg, Mayor Bettina Bieri

Absent:

Also Present: Township Administrator/Clerk Antoinette Battaglia, Budget Consultant Robert Casey,
Township Auditor Chuck Ferraioli, Township Attorney Fred Semrau

Agenda No. III

Purpose

Introduction of 2017 Municipal Budget -Mr. Casey said Mr. Ferraioli compiled last week's discussion on official state forms and will review the overall financial status. Mr. Ferraioli said every year they start off with the annual debt statement. It's a statutory requirement that every town must prepare, and it will give you an idea of the outstanding debt. At the end of 2016 the Township's outstanding net debt was \$ 34,890,011. In 2015 it was \$34,875,000. According to New Jersey law that number is divided by the 3 years equalized valuation of the town. Equalized valuation is the true real estate value of the town. The real estate value did not increase in West Milford, so Mr. Ferraioli recommended that the Governing Body meet with the Township Assessor once a year.

Discussion:

Councilman Signorino said this year \$150,000 is for financing of the library. He asked who made that calculation and how long it will take to pay off that debt. The contract came in less than the bond so what happens to the differential. The law states they had to go to bond first and then get the contract. They bonded for more, so if they are not going to use the money he wants to cancel the bond or fix the old library. He would prefer to use it to cancel debt.

Mr. Ferraioli said they sold the bonds, ran the amortization and split it by percentage. It was the bond sale principal and interest times the percentage. As the debt service increases, their percentage will remain the same but the dollar amount will not. When they sold those bonds it was not just the library bonds or township portion, there were other ordinances. The debt was wrapped around existing debt so there would not be a tremendous increase. They can't pay down the bonds with extra money because the bonds are fixed. They could cancel the bond, and the remaining 78% will be surplus. Ordinances are very specific on how the money is used.

Mayor Bieri suggested reviewing the bond ordinance to see what leeway they have. The balance could possibly be used towards facilities. She asked if they could use it for other capital needs and bond for less this year. Mr. Casey said the building has a 20-30 year life. The money has to be used for something with the similar life that they bonded at. If there is any money left over it can move to a debt reserve to pay debt. Mr. Ferraioli suggested getting the final number first and then discussing it. Usually when an ordinance is prepared they give some room.

Mr. Ferraioli said in 2016 the school levy was flat so it reduced surplus. That number always has an impact on the budget. His concern with miscellaneous revenue is every year it's derived by the insurance dividends.

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If there is any year that there is not a big insurance dividend there will not be a big increase in surplus. Also, the township is close to triple A credit rating, and they have a better credit rating and credit risk than the State of New Jersey. Triple A is very hard to get and maintain, and it's important to keep it because it will reduce interest rates. Mr. Ferraioli recommended to the Governing Body that they consider the pay as you go budget that Mr. Casey suggested. Increase the tax levy by \$275,000 and add a line item into the operating budget. Instead of \$275,000 going through bond ordinance, reduce the dollar amount, add \$275,000 in pay as you go, and increase the tax rate by one tax point.

Councilman Hensley said he was concerned about the debt the township was occurring. If they institute this sort of policy they will save money in the long term and have more roads paved.

Mr. Ferraioli spoke about financial policies that he prepared and recommended for the Governing Body's consideration. It's a tool and it does not lock them in. If they formally pass it by resolution, it ties into what Mr. Casey is doing with the capital budget and long term debt. Mr. Ferraioli suggested they try to adopt some type of policies.

Mayor Bieri suggested they should have summarized policies. If the Council agrees, Mr. Casey could look over what Mr. Ferraioli prepared and give them his suggestions, and the Governing Body could schedule a discussion for a future workshop meeting.

Councilman Wagner said the school budget was introduced at \$2,000,000. He asked how it will affect them if it's reduced to \$1,000,000. Mr. Ferraioli said once they adopt it he will have the numbers for the Governing Body.

Councilman Signorino asked if they could use the extra surplus to offset the increase and keep the roads in the operating budget. Mr. Ferraioli said the public hearing is April 19th, and they will probably table the budget after that meeting. At the April 25th meeting the Board of Education will make their decision.

Mr. Casey said if the Governing Body wanted to introduce, Mr. Ferraioli will amend the formal budget form. The total budget is \$34,238,535, property tax \$22,857,462, and all the other numbers remain as they are seen.

Agenda No. IV

Action Items

Agenda No. IV 1

~ Ordinance 2017 - 007 ~

TOWNSHIP OF WEST MILFORD CALENDAR YEAR 2017 ORDINANCE TO EXCEED THE MUNICIPAL BUDGET APPROPRIATION LIMITS AND TO ESTABLISH A CAP BANK (N.J.S.A. 40A: 4-45.14)

WHEREAS, the Local Government Cap Law, N.J.S. 40A: 4-45.1 et seq., provides that in the preparation of its annual budget, a municipality shall limit any increase in said budget to 0.5% unless authorized by ordinance to increase it to 3.5% over the previous year's final appropriations, subject to certain exceptions; and,

WHEREAS, N.J.S.A. 40A: 4-45.15a provides that a municipality may, when authorized by ordinance, appropriate the difference between the amount of its actual final appropriation and the 3.5% percentage rate as an exception to its final appropriations in either of the next two succeeding years; and,

WHEREAS, the Township Council of the Township of West Milford in the County of Passaic finds it advisable and necessary to increase its CY 2017 budget by up to 3.5% over the previous year's final appropriations, in the interest of promoting the health, safety and welfare of the citizens; and,

WHEREAS, the Township Council hereby determines that a 3.0% increase in the budget for said year, amounting to \$762,007.66 in excess of the increase in final appropriations otherwise permitted by the Local Government Cap Law, is advisable and necessary; and,

WHEREAS the Township Council hereby determines that any amount authorized hereinabove that is not appropriated as part of the final budget shall be retained as an exception to final appropriation in either of the next two succeeding years.

NOW THEREFORE BE IT ORDAINED, by the Township Council of the Township of West Milford, in the County of Passaic, a majority of the full authorized membership of this governing body affirmatively concurring, that, in the CY 2017 budget year, the final appropriations of the Township of West Milford shall, in accordance with this ordinance and N.J.S.A. 40A: 4-45.14, be increased by 3.50%, amounting to \$889,008.94, and that the CY 2017 municipal budget for the Township of West Milford be approved and adopted in accordance with this ordinance; and,

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Moved: Erik Seconded: Signorino
Voted Aye: Unanimous voice vote
Voted Nay: None
Motion carried.

Approved: April 5, 2017

Respectfully submitted:

Sherry Zbrzeski, Clerk Typist

MAYOR BETTINA BIERI, PRESIDING OFFICER

ANTOINETTE BATTAGLIA, TOWNSHIP CLERK