
TOWNSHIP OF WEST MILFORD, COUNTY OF PASSAIC, NEW JERSEY

Minutes of: Township Council Special Meeting
Date of Meeting: February 11, 2008
Time of Meeting: 7:30 P.M.
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The Township Clerk called the Special Meeting of the West Milford Township Council to order.

Adequate Notice Statement

Ms. Battaglia 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 published in the Herald News on January 31, 2008; 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

All in attendance stood to salute to the flag.

Roll Call

Present: Councilmembers Philip Weisbecker, Joseph Smolinski (arrived @ 7:42 p.m.), Salvatore Schimmenti, Marilyn Lichtenberg, Robert Nolan, Carmelo Scangarello. Mayor Bettina Bieri (arrived @ 7:42 p.m.).
Absent: None.
Also Present: Township Administrator Richard Kunze, Township Clerk Antoinette Battaglia, Chief Financial Officer Arthur Magnotti.

The Council unanimously nominated Councilman Nolan to chair the meeting pending the Mayor's arrival.

Purpose

Councilman Nolan advised that the purpose of this meeting is to review the proposed 2008 Municipal Budget and he deferred to Richard Kunze, Township Administrator.

Administrator Kunze stated that the Council will review the planning and building budgets tonight after which the Auditor will review the annual financial statement and provide an overview of the Township's financial condition.

Planning

The Planning Director, Bill Drew, advised the council that this budget is comprised of standard line items. There is a reduction in official business and conferences. There are three new Planning Board members who will receive the mandatory training this year. He reviewed the mileage, school for employees and association line items noting that they are unchanged from last year. He has requested an increase in advertising this year. The legal fees line item can be reduced to \$24,000 advising that this account is used for unanticipated litigation. He advised that there are two outstanding matters that are expected to incur minimal costs before being resolved. Administrator Kunze noted that the actual encumbrances in 2007 were less than the appropriation. Councilman Nolan stated that the new Planning Board attorney contract contains a not-to-exceed amount of \$10,000 and most fees can be charged to the applicants. Mr. Drew advised that the \$10,000 does not include unanticipated litigation and such matters as ordinance review. In response to a query from Councilman Nolan, Mr. Drew advised that the consultants' line item has been a constant because one cannot easily determine what the Planning Board will need from the engineer that is not covered by escrow. He added that this is a budgeted estimate.

Mayor Bieri and Council President Smolinski arrived. Councilman Nolan turned the meeting over to the Mayor.

Administrator Kunze advised that \$4,860 was charged to the consultants line item in 2007. In response to Councilman Nolan, Mr. Drew advised that the landscape architect charges to escrow.

Comprehensive Planning

Mr. Drew advised that the typical office expenses in this budget pertain to the GIS position. The technical supplies are primarily for printing and fax cartridges. He has requested \$1,000 this year for state conferences because he anticipates that there will be a number of conferences and seminars offered to assist municipalities with conforming to the Highlands Master Plan. He advised that there is an increase in the school for employees line item because the GIS software carrier is recommending a number of courses this year. The subscriptions have increased due to the need to have a reference library available because of the Highlands Master Plan and the work that will be done with planned conformance. He stated that the appropriation for printing has been reduced because we now have the LDO on-line. In response to Mayor Bieri, Administrator Kunze advised that the salaries appropriation will be reduced by \$3,000 due to the stipend for the Zoning Board secretary which was reflected in the budget document at a higher rate. There are escrow payments that, throughout the year, help offset this line item but the budget will reflect what will actually be paid out. In response to Councilman Nolan, Administrator Kunze advised that overtime is primarily paid to the Planning Board secretary. She is paid for Environmental Commission meetings on a stipend basis.

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Zoning Board of Adjustment

The line item for conferences has been reduced this year because all members were certified in 2007 and no new members were appointed in 2008. Mr. Drew advised that the school for employees pays for employees to attend various courses offered by Rutgers. Administrator Kunze advised that the Zoning Officer will be taking various courses this year to update his training. Mr. Drew advised that association dues will remain stable this year as will the legal budget. In response to Councilman Nolan, Mr. Drew advised that the contract with Mr. Glatt has not been memorialized as yet and the same potential for litigation exists with the Zoning Board as it does with the Planning Board. The Zoning Board attorney has requested that his compensation be increased from \$750 per meeting to \$800 per meeting. With 12 meetings in the year, this would leave \$7,400 for litigation. Mayor Bieri noted that the Planning Board attorney appropriation is being cut from \$30,000 to \$24,000 adding that the new Planning Board attorney does not get a retainer for each meeting and he charges a lower hourly rate. In response to Mayor Bieri, Administrator Kunze confirmed that the salary and wage increases are strictly due to negotiations, not increases to salaries. Councilman Nolan asked for more details on the courses taken by Planning and Zoning Board members. Mr. Drew advised that the courses are five hours long and are scheduled at various locations throughout the state. They are given by the New Jersey Planning Officials and the State Office of Smart Growth. There is a test at the end and each course costs \$83.

Historic Preservation Commission

Administrator Kunze advised that the appropriation for a consultant is to hire such services to assist in updating the historic preservation ordinance. In response to Councilman Nolan's query, he advised that the \$1,600 salary appropriation is for the secretarial support provided to this commission. He also advised that this stipend is paid to a staff member in addition to her salary for her position in the Township.

Tourism

In reply to Councilman Nolan, Administrator Kunze advised that the \$3,000 appropriation should be sufficient to meet the needs for the Autumn Lights Festival (ALF). The organizers of this event have not requested an increase. While ALF is not directly related to tourism, the appropriation is reflected in this budget.

Environmental Commission

Mr. Drew advised that the appropriation for technical supplies is generally used to fund water analysis. The association dues are for membership in ANJEC and the fees for services is primarily used in support of the technical line item.

Building

The Township's Construction Official, Kurt Wagner, addressed the Council on this budget. He distributed and reviewed his annual report to Council. This department, he advised, is self-sufficient for the ninth year in a row. Permits and fees have more than covered the related costs. Some items in the budget are cyclical and they need additional file cabinets as the volume continues to increase. He reviewed each line item in this budget noting that the appropriation for technical supplies this year will be used for new, complete sets of code books. One inspector will be attending school this year and, while the expenditures for printing in 2007 exceeded the appropriation, it is expected to be less this year. He advised that the DCA stopped maintaining the U-card program last year. Township officials have reviewed new programs. Administrator Kunze advised that the goal is to choose a program that will allow coordination amongst all the related departments. There was a capital allocation for this purchase in last year's budget and staff is now in the process of analyzing all the options.

The Mayor and Township Council thanked Mr. Drew and Mr. Wagner for attending tonight's meeting.

Township Auditor

Mr. Ferraioli joined the Council and distributed the annual debt statement and the annual financial statement. He advised them that this will be the first year of the tax levy CAP while municipalities have been working with the CAP on appropriations for a few years now. The numbers are not all available at this time primarily because the state is still developing the proper formulas and is currently revising all state health plans. For tonight, he is assuming that all health insurance will come in at 4%. The local finance board is recommending that municipalities that have surplus, reserves for uncollected taxes, or any reserves should not apply for waivers. The CAP levy encourages municipalities to bond which is exactly what we try to avoid. He is recommending that West Milford not use too much surplus or bring down reserves because such actions will have a negative effect on the Township's credit rating and future borrowing. He recommends that the Township does not seek to finance this year because of current market conditions. The theory for this recommendation can be compared concepts used when considering a personal mortgage; cuts from the federal government affect short-term debt more than long-term debt but they do affect both. Long-term rates are now down to about 2.5% so he would recommend planning for financing next year rather than this year. In response to a query from Councilman Nolan, Mr. Ferraioli advised that the Township still needs the services of bond counsel.

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Mr. Ferraioli advised that the municipal budget is based on state aid and the numbers used are based on the aid received last year. The Governor is scheduled to deliver the state-of-the-state address on February 26th at which time the municipality will learn if there are to be cuts in state aid. He advised that, even if the budget were introduced and adopted in April, the Township would still have to send out estimated tax bills because the budget would not include the state numbers. He reviewed the annual debt statement with the Council and explained equalized valuation. He recommended that the Council determine what the capital budget will be for the next five years and he will use those projections to calculate debt service. He advised that, while some principal is being paid off every year if the debt is being added to, something must give. While a projection is only an estimate it would form the basis for the calculation.

Mr. Ferraioli recommended that the Council adopt an ordinance allowing the levy CAP to go up to 3.5% noting that such action allows the municipality to deal with unexpected occurrences. He reviewed the various means by which surplus can be increased. He noted that surplus dropped last year but the Township had a lot of receivables which makes it appear that we are planning to use more surplus this year while in fact the budget actually uses less.

Mr. Ferraioli reviewed state aid numbers advising that the Township has received less Watershed moratorium aid than promised. He recommended that the municipality track losses in revenue in anticipation of soliciting aid in the future. He also recommended tracking statistics on revenue flows noting that the municipality first qualified for watershed aid because West Milford clearly showed the loss of revenue. Homeland security aid must be reflected as revenue to offset taxes and he expects that West Milford will receive some funding in 2008. He reviewed Highlands property stabilization aid stating that the Township has not yet received an accounting from the state. He asked that the construction department be instructed to track new construction in the event that the municipality may want to present the state with the lost revenue when seeking future aid. When speaking about grants, Mr. Ferraioli advised that the numbers are not available at this time and this number changes throughout the year. It is difficult to provide a year-to-year comparison because of the ever-changing numbers. Grants will not impact the tax rate but will allow the Township to engage in projects that are not budgeted for. He reviewed the general capital surplus and the reserve for debt service. He advised that when these are cancelled one has a fully funded capital ordinance. He provided an overview of delinquent taxes and explained how a municipality has reserves for uncollected taxes. He reviewed the schedule of delinquent taxes and tax title liens noting that, if a resident does not pay taxes, the municipality is still compelled to pay state, county and school taxes. While most delinquent taxes were collected last year, many of the liens were not. He reviewed the surplus noting that the real surplus at the end of last year was \$4,460,000. This has been reduced somewhat for budgeting purposes and will be impacted by the deferred school tax.

Mr. Ferraioli advised that, with regard to the statement of operations, credits add to surplus while debits reduce surplus. Excepting taxes, West Milford collected \$208,433 more in revenue than budgeted. The municipality collected \$38,000 in delinquent taxes than was budgeted. However, the reserve for uncollected taxes only generated \$500,000 last year. He explained miscellaneous revenue not anticipated. He urged Council to look at the impact their decisions on any budget will have on future budgets. He reviewed the deferred school tax and how that impacts the municipal budget. He compared the 2006 and 2007 interest in investments numbers.

Mr. Ferraioli advised that, the budget as presented reflects a \$142 increase to the average homeowner. Pension, fuel, and energy cost increases have made a 0% increase virtually impossible. The only municipality that he knows of that is flat this year is Riverdale and that is due to the fact that they had \$15 million in ratables in 2007. He informed the Council about emergency unspicifiable services (EUS) and listed some of the services that could possibly fall under this provision. He believes that the municipality could opt to adopt an EUS ordinance that can be paid off over time to fund the wastewater management plan. He discussed the proposed revaluation process and the impact the real estate market can have on that process. He recommended that the Council confer with the tax assessor about the process. While a loss of revenue with no explanation can affect a bond rating, tax appeals do not generally have a negative effect unless there is a hugely significant impact over a long period of time. He advised that the surplus is not expected to increase this year and expressed concerns about next year. The municipality's bond rating will be negatively affected if too much surplus is used. However, the state wants municipalities to use all surplus funds. Last year West Milford paid \$2,036,000 on principal and interest. Of that \$651,000 was interest on bonds. He stated that he tries to structure debt so that it stays primarily the same. In response to Councilman Nolan he advised that he looks at the wisdom of refinancing every year. Currently most of the Township's debt is at 4% and he reviewed some of the associated specifics.

Mr. Ferraioli advised that he has not reviewed the capital budget but will work on a projection if he receives a five-year capital plan. The budget as presented reflects a \$145 increase to the average homeowner. The Mayor and Council thanked Mr. Ferraioli for attending tonight's meeting.

Trends and Analysis

Administrator Kunze directed the Council to the trends and analysis sheet he prepared which provides historical data pertaining to the current fund and budget appropriations. He advised that it is hard to accurately reflect the historical data for grants as they have differed through the years. There has been no increase in watershed aid for five years. A comparison of the tax levy indicates that the

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collection rate is very strong and the recent economic downturn has had an effect on delinquent taxes. He reviewed debt service as a percentage of appropriations and recommended that the Council begin the process of long-range planning. The historical data provided on the tax rate dates to 1999 and shows that since 2001 the percentage rate of valuation has been decreasing every year. There were quite a few tax appeals in Bald Eagle in 2007 and that had an impact. He cautioned that the same thing could happen in 2008.

Public Comments

There being no person wishing to be heard, Councilman Nolan made a motion to close the public portion of the meeting.

Moved: Nolan Seconded: Schimmenti
Voted Aye: Unanimous voice vote.
Voted Nay: None.
Motion carried.

Adjournment

There being no further business to come before the Council, the Township Council adjourned the meeting at 9:50 p.m.

Moved: Nolan Seconded: Smolinski
Voted Aye: Unanimous voice vote.
Voted Nay: None.
Motion carried.

Approved: March 12, 2008

MAYOR BETTINA BIERI
PRESIDING OFFICER

ANTOINETTE BATTAGLIA
TOWNSHIP CLERK