
TOWNSHIP OF WEST MILFORD, COUNTY OF PASSAIC, NEW JERSEY

Minutes of: Governing Body Special Meeting
Date of Meeting: May 5, 2014
Time of Meeting: 7:30 P.M.
Minute Page No: Page 1 of 4

Council President Erk called the Special Meeting of the West Milford Governing Body to order.

Adequate Notice Statement

Council President Erk 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 April 6, 2014; copies were provided to the Record, Star Ledger, Suburban Trends 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, and rear of this room - for use in case of an emergency. Thank you.

Pledge of Allegiance

Council President Erk led all in attendance in a salute to the flag. There was a moment of silence in memory of Mayor Bieri's brother, Hans Buchmann.

Roll Call

Present: Councilmembers Ada Erik, Michael Hensley, Vivienne Erk, Michele Dale, Luciano Signorino
Absent: CarlLa Horton, Mayor Bettina Bieri.
Also Present: Interim Township Administrator Robert Casey, Township Clerk Antoinette Battaglia, Auditor Charles Ferraioli, Chief Financial Officer Monica Goscicki.

Agenda No. II

Purpose

Review and amendment of the Proposed 2014 Municipal Budget. Council President Erk deferred to Interim Administrator Casey.

Mr. Casey said he distributed material to the Council on Friday. He said the auditor is here to address Council too. He said he will make certain recommendations tonight that, coupled with the actions at the last meeting, could result in a reduction of \$240,000 to the budget first presented to the Council. At this time he has a spreadsheet that summarizes where we are with taxes, etc. which provides perspective. He reviewed current numbers advising that the total on line 18 shows an original budget \$31,000,414 and now that is down to \$31,000,200. The tax rate before is down \$400,000. The main problem appears on line 12. The revenue budget is down by \$300,000. The net budget, without grants, shows an increase of \$800,000. That is 2.5%. Non-recurring revenues are an issue. In prior years there were reserves in capital funds and FEMA funding. Those revenues are no longer available.

Mr. Casey said that last year the average property owner paid \$8,586. The combined effect of the County, BOE & municipal budgets is now projecting a \$255 increase of which municipal & solid waste is \$106. The budget has been reduced to an increase of \$106. School taxes equate to an increase of \$127 and the County \$23.

Mr. Ferraioli addressed the Council. He said that he & Mr. Casey are on the same page but have different perspectives. The most important thing is to introduce and he recommends introduction on Wednesday night. He explained the advertising requirements, which prohibit adoption for 28 days from the date of introduction. The budget, he said, can be amended between introduction and adoption and introducing does not lock the Governing Body in. He noted that the DCA is seeking introduction. He works in many towns and he sees many things. West Milford is perceived negatively in many ways. However, he was here in January and discussed the bond sale. West Milford accomplished great things with that bond sale. We improved our credit rating to an AA positive. That is hugely significant in the financial world. West Milford's rating is better than the state. The rate realized was 1.96%. He noted that the federal government is at 2.7%. That is good press and we should get that word out. The highest rating is AAA. We may never get there but we are getting as close as possible. S&P's report raised some issues but, he said, that is for another day.

Mr. Ferraioli directed Council to spreadsheets he distributed and said Council puts a lot of time into the budget. He explained how the tax base is reached. He advised that revenues have not increased and are not likely to. Appropriations must increase because of increased costs. West Milford's assessed value has been affected by the economy. Watershed property is an issue. He reviewed the total levy including municipal, school & county. He explained how the taxes are calculated. He said the battle has

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to be on the watershed. He reviewed the municipality's net value. One tax point, he explained, equals \$24.70. As other towns begin to rebuild, West Milford is limited. Passaic County has not introduced their budget yet and the school number was in the paper. At this point in time, it would appear that there may be an increase of 2.97%. If we did not have any tax appeals, the increase would have been 2.23%. This is what tax appeals & lack of ratable growth does to us. It will not improve unless we can find a way to increase revenues. The average increase will be \$255. Discussion ensued about anticipated disposal fee increases which will become effective in September and must be budgeted next year. The reserve for recycling is down because revenue from recycling is down. Councilman Signorino said he has asked for information about cost & tonnage for prior years and Mr. Casey said he will get that to him.

Mr. Ferraioli reviewed the annual debt statement explaining that this document shows net debt, bonds, notes & bond ordinances not borrowed on yet. He reviewed the numbers as well as assessed value versus equalized valuation. The real estate market has affected every municipality in the state. All but one municipality in the state is showing the same trend. West Milford's net debt outstanding is .977%. The Township, he said, had more outstanding debt last year. This number is important because it affects a credit rating and he tries to keep it under 1%. He wants to talk about a debt service policy some time this year.

Mr. Ferraioli reviewed the appropriation & levy caps. He said the appropriation cap is good and we are well under CAP. We are under the levy cap too. He reviewed the CAP bank. Councilwoman Dale asked Mr. Ferraioli to find out & advise council how close the BOE is to their CAP. Mr. Ferraioli reviewed the anticipated revenues. Councilman Signorino asked Mr. Ferraioli where the interest rates are going and how we can fund roadwork through the operating budget. Mr. Ferraioli said he does not anticipate rates increasing to 10-15%. For the past 3 years predictions have been made that rates will go up but he has not seen that happen. Councilman Signorino said he is wrestling with the debt threshold and Mr. Casey said some municipalities have bonded to the hilt to take advantage of the rates. Mr. Ferraioli expressed concern that he cannot see any sources of new revenue. Discussion ensued about interest rates.

Mr. Ferraioli reviewed the calculations for anticipated revenues. Councilwoman Dale asked the CFO to provide an analysis of the Ogdensburg contract saying that the Township should not lose money on these contracts. Mr. Casey said that the revenue covers some of the CFO costs. Whether or not that revenue fully covers an equitable portion, the Township will still be paying the CFO's salary. Discussion ensued about shared services and Councilwoman Dale reiterated that she would like an evaluation of the shared services contract with Ogdensburg.

Mr. Ferraioli reviewed the general revenues advising that the grants are good for projects but do not affect the tax base. Council asked Mr. Casey to provide an update on PAL. Mr. Ferraioli reviewed FEMA reimbursements & the status of FEMA applications. Mr. Casey said we are expecting to receive \$215,000. Mr. Ferraioli reviewed delinquent taxes & foreclosure processes. He also reviewed the surplus policy adopted last year.

Mr. Ferraioli reviewed the results of the 2013 operations current fund. He said overall the \$31 million dollar budget was managed exceedingly well. The Township expended all but \$21,000 which is a deminimus margin of error. That \$21,000 will go into surplus. Mr. Ferraioli explained how funds transition from budget into surplus noting that each budget has a 2-year lifespan. The Township, he said, cancelled \$1.16 million into surplus at the end of last year but will not generate \$1 million into surplus from the 2013 budget. He explained deferred school revenue & taxes. He reviewed the surplus accounts and discussed what is required to maintain the Township's positive rating.

Mr. Ferraioli advised that the tax collection percentage has increased which indicates the economy is improving. He reviewed delinquent taxes and recommended that the Tax Collector be asked to address Council at some point in time to explain this process & the numbers. Mr. Casey advised that the actual amount of current delinquents is slightly over \$1 million. Mr. Ferraioli said he would like to assume an approach where the Township is utilizing less surplus funds in the budget. Mr. Casey said he recommends doing a bond sale next year & get rid of BANS. If that is possible, he said, Mr. Ferraioli has the right approach to protect the Township's bond rating and get better rates. That would require using about \$200,000 of the redevelopment money. Mr. Ferraioli said he would rather bond for the \$200,000 at 1.96% and maintain the bond rating. Discussion ensued about the bond sales & the affect of a better credit rating. The higher the credit rating, the less risk and the better rates you get.

Mr. Ferraioli concluded by saying he recommends introducing the budget at the next meeting. Mr. Casey said Council must decide how to proceed with the expenditure side of the budget. We are at a \$106 tax increase to the average household; \$92 in the municipal budget, \$15 in the solid waste budget and the library funding decreased \$2. The Governing Body thanked Mr. Ferraioli for attending tonight's meeting.

