

Work Session
Mayor and Council
March 24, 2011

A Work Session of the Mayor and Council was called to order at 7:40 p.m. by Mayor Barra who announced that the requirements of the Open Public Meetings Act were met by the required posting and notice to publications.

The following individuals answered roll call: Council members Bernstein, LaMonica, Schoepflin, Strauch, White, Wilczynski and Mayor Barra. Mrs. McCarthy and Mr. Bole were also present.

Public Comment

Mr. John Dreyer of 6 Butternut Road said he likes rear yard garbage and would like to comment on decisions being made this evening concerning garbage collection. Mr. Dreyer said Allendale is a great town and he and his wife will not move away due to curbside garbage collection. He believes the cost of sanitation disposal has gone down across the board and he is aware the town would save \$250,000 even if rear yard collection was maintained. Taxes in town have gone up and basically the residents will be paying more money for fewer services. He is concerned with how the savings will be used and he encouraged the Council to spend it wisely. The other side of the statistic that twenty percent of the people are already bringing their garbage to the curb, is that eighty percent of the people are not.

Mayor Barra asked the candidates for Council how they would vote on this issue. One of them said she liked rear yard collection and her husband loves it but a decision should be based on what is best for the town. He added that when he became Mayor four years ago people began sacrificing in a number of areas including cuts in staff and improved efficiency. Everyone has been asked to sacrifice and this is another one of those sacrifices. In previous years Allendale had 7 ½ to 11% increases in municipal taxes. Allendale was one of the towns that had the highest average taxes. The goal of this Council is to make Allendale's tax rate more competitive with our surrounding towns. Council members have met with the high school and will meet with the elementary school on Monday. They have become much more cooperative with the schools and the schools are doing a great job as is the County. The combined increase from the schools, the municipality and the County could be 1%.

Mr. Dreyer said he has no intention of moving. Allendale is a great town. The DPW keeps the streets in fantastic condition in the snow, the Police are awesome, the schools are fantastic and he could not be happier with the value he gets for the taxes he pays. There is a value to living in this town. Taxes are high but at the end of the day he told the Council keep on doing what they are doing to make Allendale a great place to live.

Ms. LaMonica told Mr. Dreyer that he had articulated his issues in a way that has helped the Council fine tune their issues. At the end of the day the important issues are education and taxes. Allendale is in competition with other towns for potential residents and we have to look at ourselves in that light. Mr. Dreyer brought these issues to everyone's attention last year.

Michelle Westermeyer asked for the backyard area of 115 East Allendale Avenue to be cleaned up.

Mayor Barra said he would ask the Property Maintenance Officer to go to the property and make a decision about whether it is in violation of Allendale's code. If it is in violation the property owner will be issued a warning or a summons.

Administration

Allendale's Risk Manager

Mr. Art Caughlan, Allendale's Risk Manager said on March 8th the Joint Insurance Fund held its annual safety meeting. He is at the Council meeting tonight to present a silver safety award for 2010 honoring Allendale for its safety practices. It is a significant award to achieve and along with it comes an \$800 check. Reasons for the award included meeting a list of criteria on a quarterly basis.

Mr. Barra complimented Mr. Picinich who is Allendale's Safety Director and commented that if anyone deserves recognition for leading the charge in the area of safety, it is Mr. Picinich.

Mr. Caughlan asked for the Council to sign a commitment to safety because management has to buy into the concept for an employee to buy in also. Mr. Caughlan also asked the Council to consider using the money in some way to reward the employees for their safety commitment. He mentioned a luncheon or some other way to say thank you to the employees.

Mayor Barra said the money would be used wisely to promote safety.

Allendale Senior Housing Lease/ PILOT

Mr. Barra said there was an item on the agenda dealing with the lease and PILOT for Senior Housing. The Council previously agreed to keep increases to a minimum and possibly consider a revision to keep these increases to a modest 2%.

Mr. Bole said there is a ground lease that was entered into in 1994 which provides for a payment of \$10,000 a year to the Borough for a period of time. Recently there was a question about whether that could be increased by 2% a year. Although the current lease allows for an annual increase linked to the increase in the Consumer Price Index from year to year, there has not been an increase in the last fifteen or sixteen years. If the intent is to make a change, the lease would need to be amended to remove the increase in the Consumer Price Index and substitute an increase of 2% a year.

The second document he reviewed is a financial agreement that was entered into between the Borough and Allendale Urban Renewal. Allendale Urban Renewal is the entity that was utilized for purposes of a redevelopment plan when the Senior Housing Complex was developed in the 1990s. This statutory agreement was entered into in January of 1997. The agreement contains a

formula for the first fifteen years which calls for 1% of the gross annual revenue derived from the complex which is \$1300+ which is what they have been paying. For the next six years after 2012 it would go up 1% or 20% of the amount of taxes that the property would otherwise generate. The assessment on that property is \$2,250,000 and 20% of the taxes would be \$11-12,000.

The agreement could be amended to require Senior Housing to pay the \$10,000 they are currently paying plus 2% although it would have to be discussed and negotiated.

Mr. Barra said what they were hoping to do is have a combination of the lease and the PILOT not go up more than two percent. If the PILOT is statutory, it seems like the answer is to reduce the base lease payment because they do not have any control over the PILOT. Mr. Barra recommends that when the PILOT goes up, the lease payment goes down so the increase is not more than 2% over the next fifteen to twenty-five years.

Mr. Paterson said that would solve the problem temporarily but at some point in the future the PILOT will go to forty percent. Mr. Bole said this will occur in years twenty-three through twenty-eight. We are currently in year fifteen.

Mr. Bernstein asked if any arrangement that is made could be amended later should circumstances change. Mr. Bole said the lease could be amended at a later time.

Mr. Bole said he wants to speak to Bob Schwartz, the tax attorney who created these agreements to make sure no ancillary issues are created from a tax point of view.

Mayor Barra said the other option is that the Borough does have the ability to subsidize some of its rental properties like Senior Housing.

Mr. Bob Paterson said one of Allendale Housing's major concerns is its existing debt. In 2009 Senior Housing spent over \$30,000 in debt payments of which \$20,000 was in interest and \$10,000 was in principal. The Mayor has mentioned reducing the entire debt and the annual payment through an additional contribution from the Housing Trust Fund. Allendale Senior Housing has already received \$580,000 from that Trust Fund. The other issue is that the debt that Allendale Senior Housing is currently paying off is at 4.25 although they are attempting to refinance at 3.75. When Allendale's Senior Housing started the Borough floated \$1,300,000 and Senior Housing paid it off in a variety of ways. The interest rate at the time was the interest rate on notes. If the Bond Counsel and the Auditor agreed that the Borough is in the position to float another bond issue that would allow Allendale Senior Housing to pay off its current obligation to the bank. At the rate currently being paid on notes there would be a substantial reduction in the interest rate and the principal payments could probably be increased. The savings that could be enjoyed by shifting the debt from bank rates to municipal rates might be enough to offset the increase in the PILOT.

Mr. Paterson concluded by saying at the beginning of Allendale Senior Housing prior to 1997, one of the objectives was to come to an arrangement that would ultimately benefit the Borough which is the limited partner. A limited partner gets 99% of excess cash flow at the time that

Allendale Senior Housing has excess cash flow. That should happen at the time the mortgage is paid which is in the Borough's best interest.

Agenda Review

Mrs. White commented about Resolution 11-20 to award the bid for the Solid Waste contract. She stated that a representative from Suburban Disposal came to speak to the Public Works Committee. The Committee tried to lower the \$40 per month fee for rear yard collection but the contractor was adamant that he would keep the price the same that he is charging other towns. He will commit the option of having rear yard collection for five years, however. A form will be put on Allendale's website for our residents to access or they can go to Suburban Disposal's website and set up quarterly payments.

The representative from Suburban Disposal was asked how other towns handle individuals with disabilities. No one in Ramsey or Franklin Lakes has requested a waiver. In Ramsey no one contracts for rear yard pickup, however Franklin Lakes has 189 residents who do. He is willing to provide a limited number of health related waivers at no charge as long as the individuals are carefully screened. If there is a family with two people and one of them is disabled, the other family member would be expected to bring the garbage to the curb. Mrs. White said she is putting together a waiver form and she believes individuals should apply for a waiver annually. People could also be accommodated for a limited time for a situation such as a broken leg.

Mr. Bernstein asked if the elderly would qualify for a waiver. He also asked why the contractor needs a minimum of forty people to provide limited rear yard service.

To Mr. Bernstein's first question Mr. Barra responded that the issue is not age, it is ability. The contractor needs to use a smaller vehicle for rear yard service which is why he needs a number of individuals to make it reasonable to provide this service.

Mr. Cauwenberghs added that the contractor has to reach a margin of profit to provide this service.

Mrs. White said the individuals applying for a waiver would need a doctor's note to explain the individual's disability and the reason why it prevents that person from bringing their garbage to the curb and that there is no other person in the house that is capable of moving the garbage.

Mrs. White said there is another issue of where the garbage cans can be placed. Suburban responded that approximately six feet off the curb will be an acceptable location. They generally pick up on the inside of the sidewalk.

Mr. Barra asked the Council members to comment on whether they want to proceed with passing this resolution. Mrs. White said she was in favor. Mr. Strauch said he is wholeheartedly in favor and not afraid of blazing new ground. He added he is even more supportive now than he was before. Mr. Barra said he did not vote but the vast majority of towns have curbside collection and they aren't adversely affected. Mr. Schoepflin said he believes issues can be overcome as they surface. Ms. LaMonica said she is also in favor. She thinks that in some ways it is fiscally

irresponsible not to move forward in this way. The Borough is looking at a 1.7 percent increase without changing to curbside collection and a zero percent increase with it. Mrs. Wilczynski was also in favor.

On a motion by Mrs. White, seconded by Mrs. Wilczynski, the Council voted to adjourn to Regular Session at 9:05 p.m.

Respectfully submitted,

Gwen McCarthy
Municipal Clerk