

Mayor and Council of the Borough of Allendale
Work Session Meeting Minutes
April 27, 2017

PRESENT: Mayor Elizabeth White and Councilmembers Ari Bernstein, Jackie McSwiggan, Steve Sasso, Jim Strauch and Amy Wilczynski

ABSENT: Councilmember Liz Homan

ALSO PRESENT: Borough Attorney Ray Wiss
Municipal Clerk Anne Dodd

A Work Session Meeting of the Mayor and Council of the Borough of Allendale was held in the Municipal Building at 500 West Crescent Avenue, Allendale, NJ on April 27, 2017. The meeting was called to order at 7:36 p.m. by Mayor White who asked that the Municipal Clerk read the open public meetings statement:

“In compliance with the Open Public Meetings Act, the notice requirements have been satisfied. The meeting dates for the year are confirmed at the Annual Meeting, are posted on the public bulletin board in the Municipal Building, published in the Record within the first 10 days of the New Year, and copies are sent to the Ridgewood News and Star Ledger.”

Public Comment:

Owen Roy, 26 Fairhaven Drive, advised that he is a First Class Boy Scout and is working on his Citizen in the Community Merit Badge.

Mayor White noted that he is attending an important meeting as the budget is being adopted and a 25-year litigation matter is being settled.

Budget Presentation – Presented by Charles Ferraioli, Registered Municipal Accountant:

Mayor White thanked Councilpersons Bernstein and Wilczynski as well as Alissa Mayer, CFO, for their hard work in preparing this budget. She also expressed her appreciation to the rest of Council for working with their Department Heads to ensure that each line item was reviewed. She noted that there will be an approximately 1.9% increase. She commented that it was a tough budget and the taxpayers were placed at the forefront when reviewing each line item and expense.

Charles Ferraioli, Borough Auditor, explained that, this year, every time the tax levy increased by \$167,899, it was equal to an increase of one tax point. He advised that the average home will see an increase of \$76.71 in their tax bill. In terms of the CAP, he advised that he recommends that his clients adopt the indexing ordinance which allows CAP room for future budgets, and this year, the CAP ordinance added \$301,227.19 as possible funds that could be spent if needed. He explained that the additional funds cannot be spent this year and a public hearing would be required should they be needed in the future. He noted that adopting this ordinance has zero impact on the 2017 tax rate. He advised that the budget as introduced is \$727,976.62 under CAP and is under the 2% Tax Levy CAP by \$5,085. In terms of surplus, he explained that they came into 2016 with \$3,103,077.08 in surplus, and as this number was getting high, more was used as revenue in last year’s budget with approximately \$500,000 put into pay-as-you-go capital. Although surplus was down by \$453,000 coming

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Work Session Meeting Minutes
April 27, 2017

into 2017, he advised that this decrease was planned for and to help compensate for this decrease and in order to maintain the Borough's "AAA" credit rating, only \$1,000,000 of surplus was budgeted this year. He then reviewed the various sources of revenue and noted that it is not permitted to budget more than was realized in the previous year.

Mayor White reported that the Borough has worked to keep fees affordable for residents. As the Whitney is essentially developed, Mayor White explained that revenues from UCC fees have gone down significantly. Although there is some development, it is not to the degree that it was when the Whitney was still under construction.

Borough Auditor Ferraioli advised that any known grant amounts were included in the budget. He explained that the amounts provided in the General Capital Fund Balance and COAH Trust for Down Payment were one-time new revenue sources and equal the funds that were used to provide the down payment for the purchase of 220 and 230 West Crescent Avenue. He then advised that he has provided the Supplemental Debt Statement in place of the Annual Debt Statement as the Annual Debt Statement did not include the amounts authorized by the two bond ordinances adopted this year and would not provide a true picture of the Borough's debt. He explained that the Borough's debt as of March 2017 is approximately \$25 million and this number is divided by the equalized valuation which is equal to the average of the previous 3 years. He noted that the equalized valuation has increased with each year, commenting that these increases demonstrate that the real estate market is starting to come back. He advised that the net debt is 1.48% of equalized valuation, and although the goal is to have this number be under 1%, the higher number is due to the purchase of the property. He expressed his belief that this percentage will come down quickly as the Borough's debt is being rapidly paid and the hope is that real estate values will continue to increase. He noted that in 2022, there will be a deduction in debt service of over \$1 million.

Borough Auditor Ferraioli explained that, before moving forward with the purchase of the property, the governing body put a lot of time and effort into financial planning and amortization so that this purchase could be made without impacting the taxpayers. He advised that once the plan was devised, they took it to Standard and Poor's for review. He stated that he is happy to report that the Borough has maintained its "AAA" rating. As such, he advised that the Borough received an excellent interest rate on the note sales that were just held, explaining that two sales were held due one of the properties being income-producing, and therefore, taxable. He noted that due to the rental income, the purchase of this property will not cause a tax increase next year and he expressed his hope that it will never cause a tax increase.

Mayor White thanked Borough Auditor Ferraioli for the hours he has spent to ensure that the governing body was being fiscally responsible when deciding to move ahead with this purchase. She expressed her opinion that making sure that the Borough stays in notes until they pay off the existing debt is really crucial.

Administration

Due to time limitations, Agenda items A through E listed under Administration were carried to the Regular Session. There were no Correspondence items.

A. Bond Anticipation Note Sale – Determination & Award Certificates

Mayor and Council of the Borough of Allendale
Work Session Meeting Minutes
April 27, 2017

- B. Agenda Review
- C. Mayor's Report
- D. Council Reports
- E. Staff Reports
- F. Correspondence

Adjournment

There being no further business to come before the Mayor and Council, on a motion by Councilwoman McSwiggan, second by Councilman Sasso, and unanimously carried, to adjourn this meeting. The meeting was adjourned at 8:05 p.m.

Respectfully submitted,

Anne Dodd, RMC
Municipal Clerk