

**TOWNSHIP OF MAHWAH  
SPECIAL MEETING MINUTES  
THURSDAY, FEBRUARY 18, 2016**

The meeting was called to order at 8:00PM by Council President Roth who read the Open Public Meetings Act Statement as prescribed by law. Notice was advertised in The Record on February 15, 2016, stating this meeting would be held in the Council Chambers of the Richard J. Martel Municipal Offices, 475 Corporate Drive, Mahwah, New Jersey on Thursday, February 18, 2016, at 8:00PM.

Notice of this Meeting is posted on the Municipal Bulletin Board. The Minutes of this Meeting shall be available in the Municipal Clerk's Office once they have been approved by the Township Council.

**SALUTE TO THE FLAG**

**MOMENT OF SILENCE FOR VETERANS AND THOSE SERVING IN THE MILITARY**  
Moment of Silence was observed for those who are serving and those who served in the military both here in the United States and abroad. It is because of their valor and bravery that we can hold meeting such as these.

Present: Councilmembers Amoroso, Ariemma, Hermansen, Sbarra, Wong, and Roth.  
Absent: DiGiulio arrived at 8:05PM

Also present were Mayor William C. Laforet, Business Administrator Brian Campion, Chief Financial Officer Kenneth Sesholtz, and Clerk Assistant Carolyn George.

**ADMINISTRATION**

1b. Award of Bid MTB #16-04; Mahwah Swim Club Improvements  
Business Administrator stated that the previous bids came over the original bid and therefore were rejected. The original bid was reviewed, divided into four options, and sent out for another bid. Several bids were received and the lowest bid was satisfactory. The recommendation is that the bid be awarded to the lowest bidder. The modifications were to the extent of the finishes throughout, fixtures, partitions, and the kitchen. The patio refurbishment (Option 4) was not included on the bid and will not be completed at this time. The work is planned to be completed before opening day.

1a. 2016 Municipal Budget Presentation  
Business Administrator stated that meetings were held in October and November with Department Heads and the Mayor. In mid-January, Mayor, Business Administrator, and Chief Financial

Officer met and the Budget is now being presented to the Council. The Date of Introduction will be March 31 and adoption on April 28.

Roth indicated that we are in alignment with the dates set forth by the Division of Local Government Services.

Business Administrator summarized a few major positive points of the budget. The health costs and tax appeals were higher over the last few years. Salaries are fixed due to the Collective Bargaining Agreement Salary Ordinance. Therefore, the budget was brought in to meet the 2%. Our Pension Bill is not as much this year because there was a two-year lag and two years ago, there were a few retirements. Health costs and claims in 2015 had some money left. There will be a greater cost from employees for Health Care because of the Reformed Legislation for Medical Contributions for Employees, which was phased in over the last 3 years; and 2016 is the last year so the cost is higher for employee contribution and lower for the Township. There is a \$1,000,000 reserve for tax appeals; therefore, there is no request in the budget for tax appeals in 2016. Garbage collection/disposal had a fixed multi-year contract that has been paid for so it does not appear on the budget this year.

Business Administrator reviewed in detail Sheet 1, Projected Reserve for Uncollected Taxes, 2016. Overall, the Local Tax Rate increased .007 from .382 in 2015 to .389 in 2016. This reflects an increase of \$33.15 per household based on the average home cost of \$473,000.

Ariemma asked if the Library money could be returned to the Township. Business Administrator stated that according to a New Jersey Statute, if there is remaining money in certain areas of their budget, the Township may request for the balance. However, the Library uses the money in the Capital Budget, which cannot be transferred.

Roth asked for clarification and if there was anything they could identify that would significantly contribute to the figures on Sheet 2, Prior Year Amount to be Raised by Taxation for Municipal Purposes.

The Chief Financial Officer explained that the budget went up 2.67% and the figure in question includes the Library.

Business Administrator confirmed that Sheet 2, Summary Levy Cap Calculation page included the Library.

Business Administrator reviewed in detail the 2010 Tax Levy Cap Calculation that is located on page 2. In addition, 1977 Spending Cap, page 4.

Wong asked what is allowed in the CAP bank.

The Chief Financial Officer explained that the CAP Bank Allowance rotates around the last three years (2014, 2015, and 2016). In 2016, \$469,718 goes into the Cap Bank. It allows the Township

to raise taxes if they deemed necessary but it is not actually spendable money. The Township is showing that they are using zero.

Business Administrator explained the 1977 Spending Cap with a two-year spending bank, on Sheet 4, Projected Cap Calculation. Chief Financial Officer and the Business Administrator explained, in detail, the passing of the 3.5% Cap Bank Ordinance because it will allow the Township to use the Spending Cap Allowance for emergencies. Otherwise, the Cap Bank will decline significantly for next year. This Ordinance has been passed in previous years to increase the Spending Cap limit and will add \$989,104.63 to the Cap calculation amount.

Business Administrator reviewed and explained a few items on Sheet 3, Revenue Report, Current Fund, such as Amount to be Raised by Taxation, (including Library).

Hermansen asked why is there a surplus difference from last year, \$4,100,000, to this year, \$4,200,000.

Chief Financial Officer explained that the Township's Surplus for 2016 is based on the amount that was replenished last year. The Chief Financial Officer agreed that the estimate does not exceed what the Township can replenish based on historical figures.

Business Administrator continued explaining the Current Fund and indicated that the Court is lower than in the past; Energy Receipts Tax is projected to be the same, Uniform Construction Code is lower for this year due to fewer big ticket items; Pool fees are less than projected; and Hotel Tax is up a bit this year due to higher occupancy.

Ariemma asked if the Reserve for Open Space is being used to pay off the Township outstanding debt service. Business Administrator explained that the money is being used to pay off the debt and is not available for use.

Roth asked what the "NJDOT" item is for \$149,000. Business Administrator explained that it is a Grant from the NJDOT for repaving Hilltop Road. A Grant Application was granted because it is a major road that connects county roads and has a traffic volume.

Roth asked about the Cable TV Franchise Fee going up in price. The new generation is not using cable as much so the projection of Surplus is slightly less in anticipation of less cable users.

Roth asked how the Sewer Utility Surplus is generated.

Business Administrator explained that the Township collected more in Revenue than what was spent. Sewer bonds being paid off this year so debt service will go down significantly.

Roth stated that the Council would table the topic of Sewer Utility Surplus and refer to it later.

Business Administrator indicated that the Township is anticipating a long-term maintenance project and Well 18 project next year for the Water Department.

Sbarra asked what are the Fire Safety Act Fees? The Business Administrator explained they are inspection fees for the Fire Prevention Bureau. Sbarra asked what are Licenses: Other? The Chief Financial Officer stated they are for the Board of Health Licenses, Raffles, etc.

Hermansen asked about the interest on investments. The budget indicates the Township collected approximately \$23,000 and budgeted \$15,000. Are these figures to replenish surplus? Chief Financial Officer explained that this item is for replenishing the surplus, banking service charges the Township incurs for many items, and taking out of interest earned which will give a little gap to replenish surplus.

Hermansen asked about reserve payment of debt. Chief Financial Officer explained that the Township is paying down its debt; the reserve is getting smaller, and will go away in a few years.

Roth asked how the Township calculates the Prosecutor's amount. The Business Administrator explained it comes from seized funds and grant money for 2016. The Grants, if requested before the budget is approved, are listed under W. If the Grants are awarded after the budget is adopted, then the Grants are listed as a Chapter 159 Resolution.

Business Administrator explained that pages 1-5 are the Township's Budget. The additional pages are the detail for each department and a section for Capital. Some areas of discussion in the future will be the Departments, Pool, and Capital. Attorneys and Planning budget is up a bit from last year due to items that will be handled this year.

Roth stated that there are some Department shifts and reassignments of personnel. These matters will be discussed during individual Department Budget Meetings.

Business Administrator and Chief Financial Officer explained that there was not a significant amount of additions to personnel, just a shift or reassignment of personnel.

Roth asked for an explanation of the Municipal Service Act.

Business Administrator explained that it is also named the Kelly Bill. Municipalities are required to either provide a direct service or reimburse for services. Garbage and recycling are a direct service, snow plowing and electricity are reimbursements. Therefore, the Township reimburses the Condo Association for snow plowing and electricity due to streetlights. The amount is up due to the electric rates being updated from 1980 rates to current rates. In addition, the reimbursement for snow removal is up due to the volume of snow because of the harsh winter last year.

Hermansen questioned the amount allocated for Social Security. Why is it budgeted for \$550,000 because it never meets that amount? Chief Financial Officer indicated we are keeping the same

rate because salaries did go up and want to make sure that the Township has enough so everyone and wants to play it safe. Salaries did go up and not sure if people are retiring.

Roth asked if there might be some flexibility with the Social Security. Chief Financial Officer replied yes, there might be some flexibility.

Hermansen asked about why the Death Benefit fluctuates. The Business Administrator explains that this is the amount paid due to the amount of deaths in the system.

Hermansen also asked about the Health Benefit Waiver. The Business Administrator indicated that in the past, no one was taking it. Every year more people are taking advantage of it so the amount rises. In addition, new hires who accept the Waiver are entitled to the benefit and therefore the Township must budget for its use.

Roth asked for further clarification on Water and Sewer. The Chief Financial Officer explained that Water Surplus went down nearly \$600,000 and Sewer Surplus went up \$95,000. Water had many projects that were funded through the Township rather than through borrowed money. The Township funded \$3,467,273.84 and \$2,635,741.19 was replenished. Therefore, the beginning surplus went down a little less than \$600,000. The Projected Amount to be funded by surplus this year is \$3,294,303.50 and may not be fully replenished. The Township is funding capital projects in the operating budget when in the past the Township used to borrow money. Since the Township is using its surplus and funding these projects, the Surplus will decrease in the future and may need to borrow for upcoming projects.

Hermansen suggested that the Township might need to look at its water rates. The Business Administrator explained that United Water and Rockland Electric rates are increasing every year, and the Township has not raised its Water rates in approximately six years.

Business Administrator indicated that sewer has had a significant decrease in the charges for 2016 from the Northwest Bergen County Utilities Authority. The projected amount last year is the same as this year. The difference in the Surplus is a result of the decreased charge from Northwest. Hermansen inquired about the money from the bonds totaling approximately \$450,000. Both the Business Administrator and Chief Financial Officer explained those bonds were used over the past two years. The Business Administrator explained that there are no bonds due in the immediate future. The Chief Financial Officer indicated that part of the reason for using that money is because that went down and the debit service is being paid off. The money is there for the Township to use so it is being used.

Hermansen extended his thanks to the Chief Financial Officer and the Business Administrator for presenting the Budget to the Council.

Amoroso asked when the Emergency Service Radios would be discussed. Roth indicated that this would be discussed at a separate meeting. Emergency Management Services did not have a

completed report, which delayed the addition. There will be an additional discussion during Department Head meetings. It was not included on the budget due to no plan presented.

Roth reviewed the upcoming Budget meetings as followed:

Tuesday, February 23, Third Floor, 8:00 PM

Thursday, February 25, Council Meeting

Saturday, February 27, Budget Meeting, Fire Department and Emergency Management Services

Thursday, March 3, Council Meeting and Senior Center

Thursday, March 17, Council Meeting and Department of Public Works

Thursday, March 24, Capital and Office of Emergency Management

### **PUBLIC PORTION**

On a motion by Hermansen, seconded by Amoroso, the meeting was opened to the public at 10:24PM. All in favor. Motion carried.

On a motion by Hermansen, seconded by Wong, the meeting was closed to the public at 10:25PM. All in favor. Motion carried.

### **RESOLUTION**

Resolution #091-16 was voted on. Resolution is attached to and made part of these Meeting Minutes.

On a motion by Hermansen, seconded by Amoroso, the meeting was adjourned at 10:26 PM. All in favor. Motion carried.

Respectfully submitted,



Kathrine G. Coviello, RMC/CMC/MMC  
Municipal Clerk

Meeting Minutes typed by Carolyn George, Clerical Assistant