TOWNSHIP OF DENVILLE
MUNICIPAL COUNCIL
BUDGET WORKSHOP MEETING

JANUARY 29, 2019

The Meeting was called to order by President Gabel at 7:00 P.M. The Salute to the Flag was recited, followed by the reading of the Open Public Meetings Act Statement by Municipal Clerk Kathryn Bowditch-Leon. Clerk Bowditch-Leon noted that this is a non-smoking facility and asked that all electronic equipment be silenced at this time.

ROLL CALL: Murphy, Buie, Witte, Bergen, Lyden (arrived 7:20 P.M.), Borowiec, Gabel
ABSENT: None
ALSO IN ATTENDANCE: Thomas W. Andes, Mayor; Steven Ward, Business Administrator; Michael Guarino, CFO

OPEN PUBLIC PORTION
No one wished to be heard.

CLOSE PUBLIC PORTION

GENERAL BUDGET DISCUSSION

Mayor Andes thanked everyone for their hard work. He stated that it is his opinion that the budget as presented is the best that can be achieved while remaining responsibly conservative and mindful of future years’ budgets and yet still provide the same level of services to the residents.

Administrator Ward reviewed the budget book layout, explaining the different sections and where certain information may be found. He reported that the budget as presented would have a tax impact of $27.82 on the average assessed home, which is valued at $405,400. Mr. Ward reported that this year’s proposed budget is $22,661,000, which is a decrease of $474,000 from last year. He explained this is due to the one-time receipt in 2018 of a FEMA reimbursement for the Valley View Firehouse and of a premium on the sale of bonds. He then stated that the amount to be raised by taxation is $14,528,000, which is an increase of $210,000, or approximately 1.6% from last year. He advised that $7,592 would equate to a $1.00 tax increase/decrease on the average assessed home and that this amount applies to the operating budget only, not the capital budget.

Mr. Ward stated that the Township’s fund balance increased again this year and that it is expected to continue to generate the same or a greater amount. He explained the Township is once again putting funds into the Reserve for Tax Appeals due to the tax appeal filed by St. Clare’s Prime Health. He then stated that the majority of the departmental operating budgets showed no increase, but noted that 68.9% of the operating budget is salary & wages, which is set by the collective bargaining agreements.

Mr. Ward explained the plan to continue to aggressively pay down the Township’s debt, including this year’s proposed payment on BANs, which is 25% higher than statutorily required, and a 23% cash contribution to the capital budget, where only 5% is statutorily required. He stated that this aggressive pay down will allow the Township to operate with very little debt after the large outstanding debt payments are made in 2021 and 2023. Mr. Guarino then distributed the rolling fund balance sheet and the current debt service schedule to the Council Members.

Mr. Ward stated that they are recommending a capital appropriation of $500,000 be approved, in addition to the pending grant application to resurface Knoll Drive and Franklin Avenue, to continue the aggressive road resurfacing program.
Mr. Ward explained the 5-year PILOT program with Estling Village and advised that in 2019, it is anticipated that the Township will receive $203,572 from the PILOT. He stated that at the end of the 5 years, the Township is projected to receive only $65,000 in taxes and, therefore, they are proposing the revenue anticipated from the PILOT this year be only $65,000, in order to avoid a negative tax impact in 2023. He then noted that a separate line item was added to show this year’s remaining anticipated revenue from the PILOT that would be used to directly pay for a few of the requested capital items. He stated that this approach would continue into 2020 when the PILOT is expected to generate $288,000.

Mr. Ward advised that, due to added assessments and increased construction, the Township’s ratable base increased by $7,263,000 this year. He then advised that the proposed budget includes an increased pension obligation and, for a second year, increased legal fees due to the affordable housing litigation. He noted that $15.79 of the proposed $27.82 increase is due to those line items only.

Mr. Ward explained that the budget contains some line items which show large year over year increases, including a $62,000 increase to Interest on Investments; a $40,000 increase to Uniform Construction Code (‘UCC’) fees; a $10,000 increase to Shade Tree; and a $10,000 increase to Solid Waste.

A discussion ensued after Councilman Bergen asked about the pros and cons of a municipality being totally “debt free”.

Mr. Ward reported that the Water Utility is sound, that no rate increase is anticipated this year, but that it will be reviewed at the end of the year, and that this year’s capital projects will be paid in cash. He reminded everyone that next year the Beacon Hill Water Tank will have to be painted, which is a large capital project.

Mr. Ward reported that, due to $180,000 in sewer connection fees collected from Estling Village, the Sewer Utility rate is stable, though the on-going litigation between the RVRSA and Jersey City may affect future sewer rates.

Mr. Ward then advised that a total appropriation from the Open Space Trust Fund of $1,257,000 is being proposed to fund eight projects, which includes the acquisition of 65 Cooper Road; contributions towards the Vamp Up Vets project and Ayres Knuth Farm renovations; upgrades to the Cook’s Pond Spillway; the resurfacing of the Gardner Field parking lot and other general park improvements; improvements to the fields at Valleyview School in partnership with the Denville Board of Education; and the implementation of the Township’s Trails Plan.

Mr. Ward reported that, when preparing the budget, the initial tax impact was over $30.00 per year, but that after discussion with the Auditors, it was decided to increase anticipated revenues to the UCC fees and the Interest on Investments, which is reflected in the budget as presented.

Councilwoman Lyden asked if the budget could be further adjusted to lower the tax impact on the citizens. Mr. Ward speculated that the anticipated revenue for Interest on Investments could be increased slightly.

Councilman Buie asked if the RVRSA is contemplating any capital improvements, to which Mr. Ward answered yes, but that he did not know how it would affect Denville. A discussion ensued about parking at Valleyview School for use of the fields; how much revenue is generated from late taxes, penalties and fees; which banking institutions are authorized to be used for Township funds, and if the Township could achieve a “triple a” bond rating.
Councilman Murphy suggested that the anticipated revenue for Interest on Investments and the UCC fees be increased to lower the tax impact. He then asked if any PILOT money would be given to the Denville Board of Education (DBOE) for new students from Estling Village, to which the Mayor stated that the Township gave the DBOE $9,000, or $1,000 for each student. Mr. Murphy then asked if Mr. Guarino could provide a reserve analysis and expressed his concern about the balance of the Open Space Trust Fund being so low at the end of the year. A discussion then ensued about future planning for a second turf field and the status of the Affordable Housing Trust Fund. There was a discussion about the line item amounts proposed for Tax Assessment - Misc. Contractual Services, Planning Board - Master Plan and Utility Expenses, and Bulk Purchases - Electricity, Street Lighting and Gasoline & Diesel.

Councilman Bergen stated that he was not yet convinced about the capital request for a shed at DPW.

President Gabel asked if the Township was obligated to liquidate the Open Space Trust Fund each year, to which Mr. Ward stated no. President Gabel then asked how large the medical insurance increase was, to which Mr. Ward stated that it was a minimal amount this year.

Administrator Ward summarized that Administration would rather not increase the anticipated revenue from the UCC fees, but would be willing to increase anticipated revenue for Interest on Investments in order to lower the tax rate. He then added that the Senior Citizens had asked the Township to purchase an AED to be placed at the senior center, for which he stated money could be found without any adjustments being made to the budget as presented.

It was then agreed that a portion of the February 5, 2019 meeting would be set aside to further discuss the budget.

MOTION TO ADJOURN:

MOVED BY MEMBER WITTE, SECONDED BY MEMBER LYDEN
AYES: UNANIMOUS
ABSENT: NONE

Meeting adjourned at 8:37 P.M.

Kathryn Bowditch-Leon, RMC
Municipal Clerk