

## **Borough of Roselle Park Special Meeting of April 18, 2017**

<b>Attendee Name</b>	<b>Organization</b>	<b>Title</b>	<b>Status</b>	<b>Arrived</b>
Charlene Storey	Borough of Roselle Park	Councilwoman	P	6:00 PM
Eugene Meola	Borough of Roselle Park	Councilman	P	6:00 PM
Joseph Petrosky	Borough of Roselle Park	Councilman	P	6:00 PM
Thos Shipley	Borough of Roselle Park	Councilman	A	-
William Fahoury	Borough of Roselle Park	Councilman	P	6:00 PM
Michael Connelly	Borough of Roselle Park	Councilman	P	6:00 PM
Carl Hokanson	Borough of Roselle Park	Mayor	P	6:00 PM

Mayor Hokanson called the meeting to order at 6:00 p.m. and said it is being held in accordance with the Open Public Meetings Act and adequate notice of this meeting has been provided as required by law.

All contracts awarded by Mayor and Council must comply with the affirmative action requirements of P.L. 1975, C.172. (NJAC 17:27).

As required by the Fire Prevention Code, he indicated the fire exits and the procedure to be followed in case of fire.

Notice to members of the governing body and Borough Staff: Any use of electronic devices during this meeting shall be used solely for the purposes of Borough business and any communications are subject to the Open Public Records Act.

### **SUSPENDING BY-LAWS FOR THE PURPOSE OF A PUBLIC PRESENTATION**

Mayor Hokanson stated that the governing body would be moving to suspend the by-laws for the purpose of conducting a presentation by Borough professions on the proposed Payment in Lieu of Taxes (PILOT) agreement with Meridia on Westfield Urban Renewal, LLC.

Borough Clerk Casais stated that the governing body should establish guidelines for the operation of the meeting. It was agreed by the governing that there would be one (1) public portion of the meeting for a period of seven (7) minutes per speaker.

Councilman Meola made a motion at 6:02 p.m. to suspend the by-laws and temporarily enact the proposed guidelines for the meeting; seconded by Councilman Connelly and adopted.

### **PUBLIC PRESENTATION**

Mayor Hokanson turned the meeting over to Michael Hanley of NW Financial who was conducting a presentation for members of the public. The slide-show style presentation was conducted on the smart-TV mounted on the wall in Council Chambers.

Mr. Hanley's presentation included the following topics (in summary):

- An overview of what a PILOT agreement is
- What constitutes a project that is eligible for a PILOT agreement
- The purpose of a PILOT agreement
- Common misconceptions that surround PILOT agreements

- A summary of the project in this specific case
  - Approximate \$34.5 million investment on the part of the developer
  - 212 residential units (106 one bedrooms units & 106 two bedroom units)
  - 346 parking spaces
- A summary of key project metrics
  - A breakdown of the \$34.5 million in costs involved in the investment
  - A breakdown of each type of unit by quantity, amenities, monthly rent, and cost per square foot per unit type
- A summary of the project economics
  - A comparison of conventional taxes versus a PILOT valued initially at 10.5% of gross revenues
- The PILOT Calculation
  - A comparison of the distribution of conventional taxes on the project versus the distribution of dollars under a PILOT agreement
- A summary of the municipal impact with incremental costs and an estimate on the number of school aged children that could be reasonably anticipated to enter in to the local school system as a result of the project

### PUBLIC PORTION

Councilman Connelly made a motion at 6:16 p.m. to open the public portion of the meeting; seconded by Councilwoman Storey and adopted.

#### Dave Robertson, 220 West Sumner Avenue

- Believes that the stated projection of an additional 18 children to the school system is very low; believes it will be more than that based on what he has witnessed at his apartment complex
- Asked if there would be a provision in any final PILOT agreement for added monies to be provided to the school system to adjust for the increased enrollment.

Councilwoman Storey indicated that the PILOT agreement has nothing to do with the school system. Any potential agreement for additional funds that the municipality would provide to the school district would come after the project is build and the students are added.

Mr. Hanley stated that the basis for the data and school children projections in the presentation is one produced by Rutgers University that examines thousands of units state-wide. It captures virtually all residential units built in the State.

- Understands that the study is extensive, but still believes that the projection is low when compared to what could actually occur

#### Sundjata Sekou, 336 Sheridan Avenue

- Stated that while he is a member of the Roselle Park Board of Education he is not attending the meeting representing the Board
- Asked what the 18 children projects means to the district

Mr. Hanley stated that the number is being used as an estimated maximum for the number of children that the project could generate for the school district on a reoccurring annual basis once the buildings are fully occupied.

- Stated that the Board of Education and Borough Council should meet to discuss this matter because it is important for everyone to fully understand the implications of a PILOT agreement. He recommends that a meeting happen.

Councilwoman Storey stated that such a recommendation would need to come from someone officially representing the Board of Education. While there is a liaison from the Board to the Mayor and Council she has not seen one in attendance recently.

- Still recommends that the Council and Board meets to discuss the proposal

Jacob Magiera, 612 Sheridan Avenue

- Stated that he is not against the project
- Asked when the Borough would start to receive PILOT money

Mr. Hanley stated that the municipality receives money through the PILOT provisions when the project starts to generate revenue.

- Asked if the developer will file suit against the Borough

Joseph P. Baumann, Jr., Esq., stated that all of the paperwork is in order for the project at this time and there would be no reason for the developer to file a law suit against the Borough. Everything has been executed in full accordance with the law.

- Stated that he is glad that the Mayor and Council are going step-by-step in reviewing and deliberating about this agreement

Keith Hyman, 12 Woodside Gardens

- Asked about the timeframe for adoption of the agreement

Mr. Casais stated that as of this time the Ordinance adopting a financial agreement is tentatively scheduled for introduction at the May 4, 2017 Regular Meeting. The governing body is looking to schedule a Special Meeting for the purposes of second reading and final adoption of the Ordinance thereafter during the month of May 2017.

- Stated that he understands that the economics of the project are not conducive to generating many school children. Most families would rather have a house and pay a mortgage because of the space and costs.

Mr. Baumann added that over all of the Capodagli (developer) projects similar to the one being proposed in Roselle Park, the average yield of school aged children is four (4).

- Stated that he understands that the 10.5% figure keeps the developer interested and not afraid of investing

Mr. Hanley stated that is one of the reasons that is where the starting number settled at 10.5%, but that the agreement escalated to 13% of revenues in year 11 and increases significantly after year 20.

Joseph DeIorio, 824 Larch Street

- Asked if there was any information on what the general distribution of children based on age or grade level would be generated from the project

Mr. Hanley said that it is hard to project, but generally the children who result from projects similar to the one proposed, but usually the resulting children are very young

- Stated that he understands that there is usually a breakpoint when it comes to cost per grade or class in the school system. One student/child does not necessarily mean that there will be an additional cost.

Mr. Baumann indicated that the breakpoint information is correct and that unless all children are in the same grade, which are against all odds, the costs are very minimal if not non-existent

- Asked if data collected from Roselle Park, as opposed to a state-wide comparison, would be more beneficial to collect in order to estimate school children or other costs

Mr. Hanley stated that in his experience it is better to use comparable projects in comparable municipalities which can be and has been done in this case

- Asked about the historical information on projects. Some projects start one way and end up being something very different in the years to follow. The benefits to the municipality can then change very drastically.

Mr. Baumann stated that is true in some cases, but that is also true often with older projects that were built decades ago. The comparisons are very strained because the product in terms of what was built, room sizes, and original amenities were different.

Saul Qersdyn, 150 Berwyn Street

- Asked if the adoption of the PILOT Ordinance would need an affirmative vote of a simple majority of the governing body or a super-majority

Mr. Baumann stated that it only needed the approval of a simple majority of the governing body.

- Asked what PILOT payments are based on

Mr. Hanley stated that PILOTS are based on gross revenues and are paid quarterly once the project generates revenue

- Asked what the repercussions would be if the governing body did not approve a PILOT for the project

Mr. Hanley stated that the project would not be built

- Stated that it is important to note that the PILOT payments escalate from 10.5% to 13% and then to a comparative amount to taxes in later years. Asked if the developer can opt-out of the PILOT agreement at any time

Mr. Baumann stated that the developer can opt-out at any time

- Stated that he had not witnessed any other restaurants in Capodagli developments; Asked if there were any that they were aware of

Mr. Hanley stated that he was not aware of any

- Asked if there were any projects by the developer that were ever done without a PILOT agreement

Mr. Hanley stated that there is one he can recall that was done a number of years ago

Rob Mathieu, 112 West Lincoln Avenue

- Would like a copy of the presentation immediately

Mr. Casais stated that he could e-mail him a copy of the presentation as soon he receives it in the Clerk's Office

Carl Pluchino, 203 Walnut Street

- Stated that he has some knowledge about the overcrowding regulations as the Borough's former Deputy Code Enforcement Officer
- Stated that there are rules and regulations on how many people can live in one bedroom and within so many square feet of space

There being no one else coming forward to speak Councilwoman Storey made a motion at 7:06 p.m. to close the public portion of the meeting; seconded by Councilman Connelly and adopted.

ADJOURNMENT

There being no further business to come before the meeting, Councilman Connelly moved at 7:06 p.m. to adjourn; seconded by Councilwoman Storey and adopted.

Attest:

Andrew Casais, RMC  
Borough Clerk