

CALL TO ORDER

Mayor Warren Cooper called the special meeting to order at 7:30 p.m. and stated that in compliance with the “Open Public Meetings Act” this Meeting was duly noticed to the Hunterdon County Democrat and the Express Times on August 18, 2015; the Agenda has been posted at Borough Hall and distributed to the newspapers on August 18, 2015.

FLAG SALUTE

Mayor Cooper asked everyone to stand for the flag salute.

ROLL CALL

Present for the Meeting:

John Hindman
Cathy Leach
Michele Liebttag
Jack Opdyke
William Sullivan

Absent from Meeting:

Caroline Scutt

Attorney Albert Cruz and Borough Clerk, Brenda S. Shepherd, were also present for the Meeting. Ten members of the public were present.

PUBLIC COMMENTS

The Council approved to open the public comment session.

Mayor Cooper stated that if you wish to address comments to the Council, please stand, state your name, where you live and why you are here.

Robert Haver of 215 Harrison Street at the corner of Third Street and Harrison Street, noted that the developer, George Michael, has been given numerous variances and has been negotiating since day 1. Not all of the Council member were on Council at the time. This turn over has been an issue that he has been able to incrementalize throughout the years. He moved back to Frenchtown so his kids would have what he had when he grew up in Frenchtown from walking to school, living in a little town where everyone knew each other, etc. What he did not want them to have is growing up in a perpetual construction site. What is happening here is that the schedule is being pushed out further and further and he does not know what is going on with those taxes which the Council will be looking at tonight. The article in the newspaper is inciting peoples’ anger. He asked the Council to explain what that is about. It does not seem like the developer has no incentive to complete the project unless you force him live by the deadlines set forth in the redeveloper’s agreement. He has been very unhappy living next to this but has held his tongue. It is good for the town and will help with the sewer but living next to a construction site and his kids growing next to a construction site does not make him happy. He is not happy with things that have happened over the years and that his concerns have not been addressed by anyone. He has voiced them and hopefully you can take care of that. The developer does not need an incentive.

Chris Mundy who lives on Eighth Street, stated that she heard that the Borough was going to talk about a PILOT program. Normally, it is for non-profits doing projects on public lands. Because the tax and sewer increases were a lot this year, giving the developer a tax break would be unconscionable. There has been a FACEBOOK discussion all day on this and a lot of people are unhappy.

Jean Fenlon from Hilltop Avenue, asked what the difference is between property tax and in lieu of taxes? She commented that if it is a big break, it is not fair. Mayor Cooper responded that before the Council goes into executive session, he will address some of the things he can address about the programs.

Yvonne LeFichant, owner of the Gem Building, commented that he pays \$3,000.00 in water a year and \$17,000.00 a year to get rid of the water. Is there going to be a return next year on the sewer situation? He pays the same for one person in an apartment as a family with 10 people. Some of his stores do not have bathrooms and we are still paying for that. Is something going to be done with that next year? He added that he owns a property in Easton and he pays sewer according to the use of the water. It should be that way here. It is a fair way of doing business. Mayor Cooper commented that the Borough intended to institute a system partly based on usage. It got delayed. Because of the incredible increase in the debt service that we had to pay starting this year, we were concerned that if we institute that system this first year without knowing what the changes in usage would be, we were concerned that we would run into problems paying for the cost of sewer operations and debt service and that it would put us at risk of defaulting on the loans that we got from the State and Federal Government to build the sewer plant. It was our judgment not to do it this year. It was the Sewer Advisory Committee's recommendation to delay the water usage rate until we had a handle on the debt service.

Yvonne LeFichant stated that people will agree that a 300 square foot apartment with one person living there is paying the same as a home with 10 or 8 people living in it is not fair. Mayor Cooper noted that everyone here tonight probably agrees with you and that is why we wanted to institute a usage based system. We do not disagree that if you use something more than someone else, you should pay more. Yvonne LeFichant stated that the property values will come down for everyone with all the expenses. We pay a huge rate between sewer and taxes. The building has no value. Mayor Cooper responded that virtually all the increases in the tax bills and sewer rental fees come from the fact that we just built a 10 million dollar sewer plant that we had no choice in doing. That bill has to be paid. This facility is intended to last fifty years. Secondly, we do not get a choice of the design elements. The State Department of Environmental Protection waded in on the features that had to be part of the structures. The cost of the structure is out of our hand. Yvonne LeFichant commented that he does not agree. If his car is broken and he cannot afford a Mercedes, he will get something else. It is easy to say we got a great deal. We did not get a great deal. We did something and did not think how much it would cost per person. The issue with George Michael is that his money is not coming in. What happens if his money does not come in? Mayor Cooper stated that if the taxes do not get paid on time, you get charged an interest rate for being late. It adds to his cost. It could go to tax sale like anyone else's taxes. Yvonne LeFichant noted that he was under the impression that the reason why we got such a beautiful system is because George Michael promised to do certain things. Mayor Cooper stated that it has nothing to do with George Michael. The only factor that his development had on the design is that the sewer plant had to accommodate his number of units. Mr. LeFichant added that he wants to make sure the Borough does sewer billing by consumption of water and not just by unit numbers. He is paying \$1,000.00 per year for units with no bathroom. It is out of control and someone is not watching the businesses. Mayor Cooper stated that Jack Opdyke and he can have a conversation with Mr. LeFichant to try to understand his particular situation.

Jill Sperling noted that she has not been involved with the George Michael development, but when

she read the article this morning and after the increase in taxes, she asked what is going on? It appears that George Michael might be getting a tax break. She did not oppose the development in the first place because it may help us but to hear that George Michael might get a tax break is upsetting.

Eric Ferda of 31 Sixth Street asked about the PILOT program. He was under the understanding that a portion of George Michael's sewer would go toward the system. Would he be making a different deal as to what he is putting out with a PILOT program. The fact that taxes increased and to see that he has gotten a lot of variances passed and is in a perpetual construction site, he wants to see how the PILOT situation would affect everyone. He wants to know what he would actually pay and since you are in negotiations right now, there would probably be no answers at this point but it does not seem fair that this large developer who has a history of developing in this area for a long period of time would get a tax break or potential tax break based on that fact that he is trying to fill his units.

Mayor Cooper noted that PILOT, payment in lieu of taxes, is not just for non-profits. It is an arrangement whereby a municipality and a property owner in this case agree to a different schedule or amount of taxes and how that tax bill will be accepted that differs from the standard that applies to other property owners. We collect taxes for the operation of the municipality, County, County Library, the High School and the Elementary School. Other than the money we collect for the municipality, which is about 30%, we see none of those monies. One arrangements that can be made when there is a PILOT agreement is that a tax payer can say to the Governing Body that we will not bring in any children so why are you forcing us to pay to the school system money that the Borough will never see and we would pay you more if you reduce our tax burden. The Governing Body can agree to a different amount of taxes that will be collected from the property owner for a certain amount of time in exchange for a payment of some sort.

Mayor Cooper noted that a Tax Abatement is an arrangement in which the property owner gets a delay in paying taxes or gets a reduction in the amount of taxes for a certain amount of time. Attorney Cruz clarified that the land would be taxed the same as it is today and the improvements would be delayed over a period of time. Mayor Cooper noted that on your tax bill, you see land and improvements. Improvements are the buildings. Lands is the dirt that building is sitting on. In this case, the developer would continue to pay what he is being charge on the land value but would not be taxed for the improvements for a certain period of time. That is what the developer is asking for. He is asking for a combination or a certain amount of time after his buildings are constructed. He does not want to pay taxes on those buildings for a certain amount of time once he gets people in those units. Robert Haver asked how does that get factored into the high school since we are on a valuation system which is based on the improvements? That would be assessed at a certain amount regardless of what you are taxing them at so our portion of the high school taxes would still include the additional improvement amount and that would end up being covered by all the taxpayers. Mayor Cooper noted that the amount of taxes that Frenchtown pays is not a straight per pupil fee. It is some combination of assessments of properties in town and the number of students we send to the high school. It would be a ratio. Robert Haver noted that it is based on the overall property assessment in town so if Frenchtown is assessed at \$1,000,000.00 and Kingwood Township is assessed at \$10,000,000.00, it would be based on a ratio. If that property is valued higher than what they are paying, the difference would still need to be paid to the high school. Attorney Cruz noted that the valuation would remain the same until the Abatement period is over. That continues to be valued without the improvements. Robert Haver asked that Attorney Cruz confirm that and noted

that there is a strict set of guidelines.

Mayor Cooper noted that the developer presented us with a request, background information, an analysis that should help us work through the request to see if it is a good deal for the Borough of Frenchtown. We have not discussed this yet. He received the information Sunday. We will discuss it tonight in executive session. We will not take action on the request tonight. Mayor Cooper added that he will send out an email so that everyone is up to speed. When it comes time to have a public discussion, you will know and everyone can come out and voice their opinions. Thank you for coming and sharing your concerns.

Having no other public comments, the Mayor and Common Council closed the public comment session.

EXECUTIVE SESSION

Mayor Cooper noted that the Governing Body will go into executive session to discuss Contract Negotiations with Frenchtown Bridge Street, LLC. (River Mills) – a Payment in Lieu of Taxes (PILOT) agreement and Litigation-In the Matter of the Borough of Frenchtown for a Judgment of Compliance of Its Third Round Housing Element and Fair Share Plan. On motion by William Sullivan, seconded by Jack Opdyke and carried by unanimous favorable voice vote, the Mayor and Common Council approved to go into executive session at 8:01 pm and approved Common Council Resolution #2015-94 as follows:

RESOLUTION #2015-94

EXECUTIVE SESSION RESOLUTION

WHEREAS, Section 8 of the Open Public Meetings Act (N.J.S.A. 10:4-12 (b) (1-9)), Chapter 231, P.L. 1975, permits the exclusion of the public from a meeting in certain circumstances; and

WHEREAS, the Borough Council is of the opinion that such circumstances exist.

NOW, THEREFORE, BE IT RESOLVED by the Borough Council of the Borough of Frenchtown in the County of Hunterdon, State of New Jersey, as follows:

1. The public shall be excluded from discussion of the hereinafter specified subject matters.
2. The general nature of the subject matter to be discussed is as follows:
 - a) Contract Negotiations with Frenchtown Bridge Street, LLC. (River Mills) – a Payment in Lieu of Taxes (PILOT) agreement
 - b) Litigation-In the Matter of the Borough of Frenchtown for a Judgment of Compliance of Its Third Round Housing Element and Fair Share Plan
3. The Borough Council may take official action on those items discussed in Executive Session upon completion of the Executive Session.
4. The minutes of the discussions shall be made available to the public as soon as the

matters under discussion are no longer of a confidential or sensitive nature.

5. This Resolution shall take effect immediately.

I, Brenda S. Shepherd, Borough Clerk, do hereby certify that the foregoing is a true copy of a resolution adopted by the Common Council of the Borough of Frenchtown at a meeting held on August 25, 2015.

Brenda S. Shepherd, RMC
Borough Clerk

The Council came out of executive session at 9:30 pm.

MAYOR'S COMMENTS

Mayor Cooper stated that he was asked to sign a document supplied by the County that shows that he is in favor of the County working out a deal that would help maintain the railroad line from Alexandria to other areas for potential recreation use which goes up through the narrows. Those tracks were taken out up to Opdyke's Lumber. They have been arguing that they do not want the tracks removed. He is willing to participate in this conversation if Council agrees. Council had no objection.

ADJOURNMENT

Being no further business to come before the Mayor and Council, the meeting was adjourned at 9:32 pm on motion by Cathy Leach, seconded by Michele Liebttag and carried by favorable voice vote.

Respectfully submitted,

Brenda Shepherd, RMC
Borough Clerk