

### **CALL TO ORDER**

Mayor Myhre called the special meeting to order at 9:35 am. 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 February 13, 2020; the Agenda has been posted at Borough Hall and distributed to the newspapers.

### **FLAG SALUTE**

Mayor Myhre asked everyone to stand for the flag salute.

### **ROLL CALL**

Present for the Meeting:

Kandy Ferree  
Liz Johnson  
Michele Liebttag  
Tami Peterson  
Caroline Scutt

Absent from Meeting:

William Sullivan

Borough Clerk Brenda S. Shepherd, Attorney Albert Cruz and Financial Advisor Anthony Inverso were present for the Meeting. There were one hundred and five members of the public present.

### **MAYORAL ANNOUNCEMENT**

Mayor Myhre thanked everyone for attending the meeting. He introduced Borough Financial Advisor Anthony Inverso, who will give an overview of the PILOT program. He noted that Scott and Todd VanCleeef, owners of Country Classics at Frenchtown LLC, and their Economic Advisor Richard Reading and their Counsel Steven Going are also present. The Borough will do all their presentation first and then he will open the floor to the public for questions and comments. Some questions may be answered during the presentation. The handouts provided this morning from Financial Advisor Anthony Inverso are on the proposal and the affordable housing handout with the Borough’s constitutional obligation will be posted on the website and emailed.

### **PUBLIC COMMENTS**

Mayor Myhre noted that the Council will first open the floor for general public comments. The Council approved opening the public comment session. Having no comments, the Mayor closed the public comment session.

### **PRESENTATION**

#### **Country Classics at Frenchtown, LLC Financial Agreement/ Payment in Lieu of Taxes Program**

Mayor Myhre thanked Adam Liebttag for setting up and running the projector for the meeting.

Mayor Brad Myhre began the meeting with background on the Ceramics Mill Redevelopment project. Frenchtown’s Master Plan calls for repurposing sites within the Borough for growth. The Smart Growth concept recommends projects that don’t need new roads or infrastructure, projects that use land that has already been impacted. As part of that, the Borough has been developing a green belt around Frenchtown, the idea being to protect the open space we have, and to utilize

spaces that have already been impacted for growth. As part of that, an overlay was adopted for this property by the Planning Board. The overlay allowed for a higher density residential use as a means to encourage private investment to clean up the site and repurpose it. We knew there was contamination, so there had to be an economic incentive to help repurpose the site. It was thought highly unlikely that there would be another industrial use for that site. Country Classics was the third developer to approach the site. They bought the property without conditions and started remediating it.

Recently the Borough settled with Fair Share Housing for its affordable housing obligation. The Borough agreed to a total of 57 affordable housing units. There is a Constitutional mandate to provide affordable housing. Of the 57, the Ceramic Plant property is slated to provide 17 units. If the Borough does not build affordable housing, does not comply with the court order, we would be subject to a Builder's remedy in which a builder can go to the courts and complain that Frenchtown is not fulfilling its obligation. The judge can permit that builder to go in to the town and develop the affordable housing. That has happened. But our Planning Board has been diligent about complying with Affordable Housing.

Frenchtown is in a region comprising of one the most expensive rental markets in the State. Further, there is a misconception about affordable housing. Affordable housing in New Jersey is designed to help working class families, entry level teachers, starting police officers, County workers. It provides a way that people who work in our community can live in it. It's not Section 8 housing.

There have been briefings over time about the cleanup on the site. Sometimes when there is contamination, the State asks the municipality to underwrite the cost. In this case, the whole cost has been paid by Country Classics. Site remediation costs have been: \$1,126,871 plus \$452,602, plus demolition costs of \$681,000. Why does this matter? At one time that site was behind on taxes. So when taxes are not paid, we still have an obligation to pay the schools and the County government. We have to make our own budget. We've had tax sales on the property, and nobody bought the lien because nobody wanted the liability, the Borough included.

Mayor Myhre added that he realizes that sewer rates are high. When the Wastewater Treatment Plant was built, the State required that it be built for build-out capacity. Every area of the Borough that could grow had to be served. The Ceramics Plant site was slated for 100 units. By this time we ought to have had at least 100 more sewer users. That has not happened. We are all subsidizing the cost.

With this development, we expect an influx of around \$300,000, including connection fees. Not everyone knows the debt situation for the sewer plant. We still owe more than \$8 million to pay off the loans for the Wastewater Treatment Plant and the Public Works Garage. Every year that payment comes due. So before we pay employees, or contract infrastructure, that has to be paid. Keep that in mind as we consider this project. Consider what it means to economic growth in this town; what it means to rate payers.

Mayor Myhre introduced Anthony Inverso of Phoenix Advisors, financial advisors to the Borough. Mr. Inverso will describe what a PILOT is.

Financial Advisor Anthony Inverso stated that the Country Classics project consists of a rental and a for-sale component. There are 92 rental units in two buildings, and the for-sale component comprises 19 duplexes. The developer is seeking a PILOT (Payment in Lieu of Taxes) program to assist in the development of the project. The PILOT payment, unlike taxes, is paid to the Borough, but it is not a real-estate tax. It is determined through a negotiated financial agreement, and generally used in areas in need of redevelopment. PILOTS are being used by towns throughout the State more frequently as towns begin to develop sites with outdated, usually abandoned industrial uses. A developer comes in and takes a risk on the redevelopment. The PILOT allows the Borough to retain some benefit. While improvements are subject to the PILOT, the land itself is taxed as real estate. By law, the term of a PILOT is limited to 35 years from the time of execution, but typically the term is 30 years from the time a project is complete and the Certificate of Occupancy is issued. The Borough also receives an annual service charge for managing the PILOT. At the end of the agreed time, the property reverts back to regular taxation. By law, the municipality retains 95% of the PILOT payment, with 5% going to the County. In this case, the Borough will share half of its PILOT revenue with the school. That is unusual.

PILOTs can be structured as a percentage of annual gross revenue or project costs. In this case, it is annual gross revenue. The developer's profit is restricted to 12%.

The benefit of a PILOT to the developer is that it gives certainty to his future costs because he knows what the payments will be over the term of the agreement. It allows beneficial terms for financing. It helps projects that would not otherwise be viable to be seen as attractive opportunities.

The benefits of a PILOT to the Borough is, in this case, there is a contaminated, underutilized property that currently pays \$11,300 in taxes. The Borough receives 95% of the PILOT revenue (sharing half with the school). It goes from virtually no benefit from this site to new shoppers, restaurant patrons and benefit to the economy. It adds school children to a district that has the capacity to absorb them. It adds paying users to the sewer system. Under property taxes, the Borough would receive 26% of the income. 42% would go to the school, 19% to the regional school and 12% to the County. The PILOT will generate payments equal to 11% of annual gross revenue with a minimum of 50% of the amount that would have been paid in taxes.

The PILOT has annual growth figures plugged into it. During the first five years, the PILOT percentage is fixed. The next year it increases by 1% per year, then after year 10 it increases by 2% per year. The gross revenues on the rental is based on rents received for the units. The developer has indicated that those rents will increase 2% per year so that would increase revenue, and on top of that, there is the built-in escalation of the PILOT payment. So there is annual growth expected for the rental component of the project.

In Year 1 the PILOT will pay \$210,000. The law permits the town to retain an annual administration fee paid by the developer of 2% of annual gross revenue on top of the PILOT payment. The Borough is required to share 5% of the income with the County (\$10,500). So, the net PILOT revenues for the Borough in Year 1, from the rentals, is \$204,000. The current tax paid on the site as a whole is \$11,300. That is \$193,000 additional income.

The for-sale component comprises 19 units. The term of the PILOT for this part of the project is 15 years. In Year 16 the PILOT is gone and the owners pay regular property tax. There is a built-in escalation for this part of the project as well. The State requires increases in the PILOT percentage as time goes on. By Year 15, the PILOT payments will be very close to full property tax. It starts with a minimum of 45% of the regular tax. Payments grow to 1.75% of the starting amount in Year 2, and it goes up to Year 15. PILOT income for Year 1 would be \$115,000 at the rate of \$6,000 per unit. The Administration Fee will be \$2,300 on this part of the project. The County's 5% would be \$5,800. The net revenue to the Borough will be \$112,000, to be shared 50/50 with the school. The tax currently received on the whole parcel is \$11,300. The differential is \$100,000.

Summarizing: the PILOT, payments increases as rents increase and with annual escalation. The project is expected to generate around 250 new residents including an estimated 28 school children and around 100 new users of the sewer system.

The developers of Country Classics have taken on the full cost of cleanup. The Borough has not been required to assist in that. The developer will handle its own trash collection for the rentals. It will maintain its own roadways. Other areas on Lower Eighth Street are being repaved, and a new sidewalk will be added. Harrison Street in front of the school will be repaved to complement the project. Mr. Inverso had nothing else to present and will be available for questions.

Thanking Mr. Inverso, Mayor Myhre introduced Scott and Todd Van Cleef, the owners of the project.

Scott Van Cleef stated that the Van Cleefs have been in business for 32 years. They have always lived in New Jersey. They started as a builder of single-families and evolved to multi-family projects including condos and townhouses. They have built offices, specialist buildings, retail and even a golf course. Their projects have been both large and small. They do the leasing and property management themselves. Several years ago, looking for a project in Frenchtown, they found this site. It had many challenges: an early 1900s industrial building, and contaminated land. There was an affordable housing requirement. Scott Van Cleef said he envisioned a place Frenchtown will be proud of, whose residents will be their neighbors.

Mayor Myhre thank Scott VanCleef and opened the meeting to questions and comments from the Council.

Councilwoman Liz Johnson stated that she respected all who had worked hard on this agreement, but that she had a different view of the proposal. Nothing she will say is an attack on the developers, or anyone else. However, she said, the presentation just given does not tell the whole story. Addressing the room as taxpayers and voters, Ms. Johnson said that the people who will move into the Country Classics development will be living in brand new houses, paying 50% of what we pay in property taxes. We are paying 100%. They are locked into a 1.5% increase. We are not. Right now we have a 2% cap on tax increases, but that could go away any day. They are guaranteed 15 years. We are not. This project will change our housing stock. It is going to add 30% more apartments. Some of you are landlords. Right now you have very high occupancy rates, but with 30% more apartments, how will that affect rentals? Look at the commons. If suddenly their revenue goes down and their property is reassessed, guess who pays the extra

taxes. All of us. Her point is, for 15 years they have a tax break you're not going to have. Your housing costs are going to be higher, even if your sales price is lowered. No one knows how this is going to affect the sales of houses. Then sewer rates: those sewer debts are going to be paid this year. They are not paying additional hookup fees. The presentation mentioned \$300,000 is connection fees: it should be \$385,000. We are also going to be asked to discount the connection fees.

Another issue is that the developers are guaranteed future rates. Do you know what you will be paying 15 years from now? As for contamination, the developers paid a low price for that property. We were told that if we zone for higher density that is where the affordable housing will go. With the numbers she has seen, the developer will make money. I don't know why we give them another \$200,000 tax break. There is money to be made on this project, Ms. Johnson said, and she did not see why we have to give it away. We've seen what happened at River Mills. There are developers interested in this area, so others will come. Some other costs: we all know the school is losing State funding. The school needs support to make up for that. Some of that loss will fall on the taxpayers' shoulders, and if the PILOT goes through, it will not fall on their shoulders.

Mayor Myhre returned to the subject of sewer connection fees. They will pay more than \$300,000. State law dictates how much an affordable unit can be charged for a sewer connection. The debt for the Wastewater Treatment Plant will not be paid off within the year. There is a 20-year bond and a USDA loan that is to be paid over the next 40 years. The debt of \$680,000 will have to be paid regardless. This is a major influx of money that will allow us to bring down rates for everyone, we believe, and in addition we believe it will be helpful in getting capital for future projects such as getting our Hilltop streets connected to the sewer.

Councilwoman Caroline Scutt stated that everyone has heard a lot of numbers. She believes this is the best thing for the community right now. Councilwoman Johnson is right, the developer could walk and someone else will come in. It could be 8 years from now. In that time costs will continue to rise. Taxes do not go down. We have a lot of debt to pay and a school we want to keep. There has been fear-mongering over this issue, fear that more renters are going to move into town and change it. This is unfair. So, understand that we believe this project is good for us financially and as a community.

Councilwoman Tami Peterson wanted to put in a word for renters. She is a renter, our Mayor is a renter, her mother and her wife are renters. Renters are part of the community, an important part. No one is less because they rent a home. No one is less because they are financially precarious. Right now rental units are tight. The Commons is full. She has met people who say they want to live here but can't find anywhere to rent. She is not saying that those on Council know best; but they have sat through the meetings and tried to distill the information to give to you. She thinks this is the best way forward.

Councilwoman Kandy Ferree, of Fourth Street, said she is a new Council member and thanked all who voted for her. When she was asked to run, she did so because she was vehemently opposed to the PILOT. She went to the League of Municipalities conference and attended seminars on PILOT and on Affordable Housing. She came to understand these concepts before offering an opinion on them. Does she like the idea that someone else gets a tax break while she

does not? Not much. But, she doesn't see what else we can do. Affordable Housing is not about other people. Her mother would qualify for Affordable Housing. Ms. Ferree said she knew of at least 6 families now living in Frenchtown who would qualify. It is not for other people. It is not for "those people" from Newark or Trenton. It is our responsibility as a Council and community to find housing for those people who are already here. She also wanted to speak about "those people." We would be remiss if we did not talk about the undercurrent of racial redlining and fear of "those people" coming here. She recognizes that this is a very white community, and that it is comfortable for some. The Affordable Housing component must happen. Her last point was that if there might be room for compromise, she is not completely sure there needs to be a PILOT for the for-sale units. She welcomes all opposition and support.

Councilwoman Michelle Liebttag of Fifth Street said the Council had worked hard on the PILOT. She knows how long it takes projects to move along. We could sit here and do nothing, or we can bring in new revenue to help with all the financial demands we have. The Police Department needs to be funded (we truly believe in community policing). We have a school in walking distance. These are priorities we want to maintain. This project is taking Frenchtown to the next step. It may seem like someone is getting a deal now, but we are all going to benefit from it.

Mayor Myhre thanked Councilwoman Liebttag for working with him on these negotiations. They would never have brought something like this forward if they didn't think it best for Frenchtown and the best long-term solution for our financial issues. We have a lot of debt. We have to increase the number of people paying in to reduce that debt. It is a good thing that someone wants to invest this kind of money in our community. Mayor Myhre added that he was not sure he could solve this town's funding problems. The State is zeroing out the majority of our aid over the next 5 years. That is catastrophic. But this project gives us the chance to get a nice size check every year to keep our school going. There are many complexities to school funding, but at least with this we have a fighting chance. That is why we bring this project forward.

Having not further questions or comments from the Council, Mayor Myhre opened the floor to questions and comments from the public.

Mansour Tabibnia from Kingwood Avenue said he moved to Frenchtown from New York City. He is a developer in New York, Brooklyn and Queens. A developer never does a development that won't make money. He agrees with Councilwoman Ferree that we are giving a break on the rentals. He thinks 30 years is too much for the rentals. A tax abatement on the properties would be better. That is an incentive. His firm is doing a project in New Jersey not far from here and they are getting a tax abatement. There are other ways to do this.

He added that Affordable Housing is extremely important. Since he moved here, Mr. Tabibnia said, his taxes have gone up 174%. He owns a rehab on which the taxes went from \$4,000 to \$10,000. And in the last 5 or 6 years, taxes have gone up 30%. Is the developer getting a discount on the sewer system? Mayor Myhre answered that they are not. Connection fees for Affordable Housing are set by State law. Mr. Tabibnia said he believed this is a good thing, extremely beneficial, especially as taxes are going to go up.

Katherine asked why give 50% to the school. The Mayor responded that we had known all along that we would do so. Provided the school district is open, we will give it 50% of the proceeds.

Adam Blackburn of Third Street referring to the the 30-year term on the Pilot, asked if half of that income is going to the school, what happens after 30 years? The Mayor replied that after 30 years, we go back to traditional taxation, and the school would receive the percentage it has on the property tax. It is around 43% now.

Mr. Blackburn asked how much tax the development would eventually pay. Scott Van Cleef said that when they had purchased the property three years earlier they had made it clear that a PILOT would be needed to do the development. If that doesn't happen, he said, he will sell tomorrow. That's the reason the River Mills' original developer is no longer there. A second developer bought it. That project has not been completed yet. We are going to step up and create a market for residents. We are taking a risk. We'll put it back on the market; see if somebody else will do it. We think we've worked out an agreement that works for us and the town. Anthony Inverso noted that as it relates to the for-sale units, we are talking about 45% of regular taxes. That is 45% of what the owner would pay the county, school, regional school and Borough. So, taking the for-sale component: if this was to be built and taxed regularly, the Borough would get \$68,000 from all the units from regular taxes. The whole pie is \$112,000. So the Borough receives \$43,000 or \$44,000 LESS in revenue under regular taxes than under the PILOT, and that is based on only receiving 27% of every dollar. Under the PILOT you get 95%. For rentals, the eventual taxes to the Borough would be \$112,000. The PILOT revenue to the Borough is over \$200,000. That's \$92,000 more.

Natalie Coward asked how much does the development pay to the school under the traditional taxes, apart from other payments? Mr. Inverso responded that with the for-sale component, owners would pay the schools, regional and local taxes of \$155,000.00..

Eileen Lewis of Harrison Street asked if the number of new students would be 28. Mayor Myhre said there was the potential for 28 new students. Eileen Lewis said that not everyone agreed that the school should remain as it is. It has been operating under capacity for many years. It offers a great education, but do we continue to throw good money after bad? Will 28 students change the situation? This money that usually municipalities use for infrastructure and so on, will be going to the school. Why? Mayor Myhre said the Council is committed to helping the school. Our commitment is to continue to fund the school system in the face of a staggering aid cut. Michele Liebttag added that she realized that while there might be a savings in infrastructure if the school building was not operating, there would still be a per-student cost if we consolidate with another community.

Natalie Cowar dcommented that she understands that if there is no PILOT, there is no development. It isn't just about affordable housing. Mayor Myhre responded that Frenchtown would still have to build affordable housing. In this case, we get private developers to build our affordable housing, to meet our obligation. The alternative is to develop our own housing corporation as a municipality, and we manage the housing. We don't maintain the assets we have now; there isn't enough money. I don't think you want us managing housing.

Jan Boulton stated that it sounded to her as though the Council had made up its mind, and all are in favor of this program. The bias makes the outcome obvious. The Mayor said it would bring down our rates. She would like to see something about how it would bring down our rates. You

have said you will pay 50% of the tax to the school Who is going to pay the other 50%? Yes, our taxes will go up more. I can't afford more taxes.

Mayor Myhre stated that the PILOT has been introduced to the public, and has yet to be voted on. We have come to the public with a plan Council thought was the most reasonable one the Borough could get behind after negotiating for 8 months. Jan Boulton noted that the builder said this negotiation was done three years ago. We should have heard about it then. Mayor Myhre responded that the developer has owned the property for three years. They had not gotten to the point of having the discussion on the PILOT until they had closed on the property, started their remediation, and understood the Redevelopment Agreement. So much has happened along the way, including the environmental cleanup. The Borough is doing a Saturday meeting to allow the public to attend. Jan Boulton stated that we are getting the information after the fact and she does not appreciate that. She thanked Liz Johnson for making some good points which should be flushed out and the Borough should absolutely tackle the sewer rate. She recommended reinstating the sewer rate committee so the Council can make sure that future generations will not have massive sewer rates. A lot of people are struggling to keep up with the sewer and taxes. The school taxes are astronomical and the PILOT will only pay 50%. Mayor Myhre noted that there are increases every year and we have built in increases each year with the PILOT. Jan Bolton stated that she does not agree that the for-sale units should have a PILOT program. Frenchtown is a choice area with riverfront properties and is not stuck with one builder. Lets not be foolish and rush into it. She would like a meeting on how rates will be decreased.

Ms. Hutchison of River Road thanked Liz Johnson and thanked whoever put the flyers in the mail boxes. We would not have been informed. The Borough has baked a loaf of bread and is now putting icing on it to make it pretty. According to the developer, this was decided three years ago. She agrees that the school taxes are exuberant and we are paying so much and getting nothing in return. There are other options to get around that. Mayor Myhre noted that the NJ Legislature has to change that. Ms. Hutchison added that it seems that the builder will get a break on taxes, the tenants will get their break and the community and government are not able to meet its financial obligations and now we need this. We are talking long term, new residents with new parking, new paving, new sidewalks, more traffic, more people, more police officers. Who will be left with the financial obligations of all this and left paying the burden..

Mr. Furminich of Ward Street stated that he would like the Borough to consider throwing out the PILOT completely and consider utilizing the property for tesla wall batteries and carports with solar to provide power to the people who cannot afford taxes and heat.

Ellen Russell of Trenton Avenue referring to the pie chart showing where taxes go, commented that with the PILOT, the County gets 5%. Where will the money come from for the regional school if we are still being billed? Under the PILOT, 95% of the money goes to the town. The regional school still has to support its budget and the residents are taxed. If there is a huge influx of students everyone will get a tax increase. We are only looking at 28 students. Attorney Cruz noted that the regional school charges based on a formula. Under a PILOT, this property is taken

out of that formula.

Russ Dunlop of Maple Avenue stated that he appreciates what the Council does and noted that he has family in politics. He asked if there is a way to get a financial breakdown side by side of what taxes would be as opposed to traditional taxes. 45% of taxes is hard to swallow. Does the town have a plan to increase the town infrastructure. With more people, there will be more demands on fire, police, town officials and the staff at Borough Hall. The town will need more bodies to man the ship. Mayor Myhre noted that the Borough is understaffed now in the police department. The salaries are not competitive and officers will leave. We are hoping to keep what we have and hire where we fell short. State aid has been reduced to municipalities and schools. We are being asked to cover the unfunded mandates. The State looks at the Census and Frenchtown's population continues to drop. We are underpopulated.

Jeanette Tynan of Cedar Street expressed concern for traffic and when making a turn onto Second Street, traffic is converging from five different point, Everittstown Road, Milford Road, the gas Station, Race Street and Route 12. Someone will get killed at the corsswalk. She counted 26 cars and to walk is dangerous. She has a legally blind daughter with brain damage who likes to walk. This project is putting 200 more cars on the roads. An impact statement will provide what these cars will do. It is only going to bring 28 kids to the school but at least 200 more cars. People in my situation of providing a home and paying bills for her disabled daughter cannot afford it. She put an addition on her house to accommodate her visually impaired daughter and her taxes went up \$4,000.00. We do not get a break. Giving tax breaks to homeowner paying \$400,000.00 for a house is bs. We will be taxes out of our homes, roads will get worse. Cedar Street has never been paved. The speed limit was lowered but no one honors that. They are flying down the road and someone is going to get killed. They fly down Everittstown Road and someone is going to get killed. Mayor Myhre stated that he agrees that enforcement is the only way to address the situation.. It is a major artery. Cedar Street is on the capital improvement list this year. We had to wait for the gas line to be installed. Mrs. Tynan stated that it is ludicrous to put that many more cars on the roads and think it will be okay. Harrison Street to Bridge Street, you cannot make a turn now. Mayor Myhre noted that the Planning Board reviewed the traffic study, heard testimony and that report is public record. The study was asked to be done during school hours.

Mark Bowles, property owner on 7<sup>th</sup> Street commented that this portion of the meeting is on the PILOT not traffic studies. Let's move the meeting along.

A lice Kowinskis of Trenton Avenue stated that the school part of the wedge is 43% and compared to the PILOT payment, the school will get more under normal taxes than 50% under the PILOT. It is deceptive. The second point is that you gave the best argument to defend real estate taxes because other forms of revenue are undermined and giving subsidies at the municipal level when we are being attached for all revenue. Municipal funds need to be defended. Its nuts not to.

Dave Turner stated that he moved here in 2006. His taxes were \$12,000.00. Now he is paying \$19,000.00. The ArtYard and downtown revitalization will raise viability of the town and make it an attractive place to come live and there are people who will buy in an attractive place and investors will buy. He would like to see future planning without the traditional taxes and see if we are making the right deal. He is not sure that we are.

Stacy Becker of Harrison Street stated that she loves Frenchtown so much she bought here. She is a budget director for a major city and knows how complicated these numbers are. Does the Borough get more or less money under conventional taxes as opposed to a PILOT. Antony Inverso replied that the Borough gets more. The Borough get 95%. Under regular taxes, the Borough would receive \$68,000.00 from taxes. Under the PILOT, the Borough is receiving \$112,000.00 after paying the %5 to the County. The Borough will keep \$55,000.00 after giving the school 50% to assist the school. Normally, the town collects all money under a PILOT.

Scott Johnson asked if the vote was with the Council or the citizens. Mayor Myhre responded that it is with the Council.

Kate Nugent, resident for 25 years and President of the school board, stated that she thinks the table on the left is misleading. The school board is only allowed to increase taxes by 2% every year with a few exceptions such as if we increase enrollment or have a cap bank. Right now the school get 42% of the taxes and the school can only increase taxes by 2% which is about \$40,000.00. Financially, the PILOT program is a benefit to the school because we are trying to balance a \$150,000.00 loss in aid. Health care is an exuberant amount. If we get the 42% of traditional taxes, it will not all go to the school and we cannot increase taxes that much. The school will lose approximately \$400,000.00 in aid by 2025.

Karen Oberly, referring to the school losing state aid, asked how is that a benefit to the school when we have more infrastructure to take care of, we need more police, we will have more traffic, etc. How is that a benefit to not take that 50% and put it into failing infrastructure for the Borough. Mayor Myhre noted that we are putting a bandaid on the school. Funds could be allocated to the Borough which would benefit everyone. In the interim, there is an obligation to educate the children and the school has to come up with the money. School consolidation is a big topic. We do not have the power to tell the school but we do have the power to allocate money. We could put it back into the town. Kandy Ferree noted that in the current proposal, if the school continues to operate, the funds are allocated to the school. If the school does not continue to operate, all money will go to things that are needed. Mayor Myhre added that Borough Council is allocating grant money and loans to put in sewer lines, pave the roads and repair drainage. The Borough can reallocate the PILOT money.

Susan Quackerbush of Tenth Street asked if the town is operating under sewer capacity. Our Infrastructure and police force are under capacity. We are already operating under capacity. Mayor Myhre noted that the police model is 3 full time and one part time officers. We have not

been able to fill the Chief position. We also have not backfilled the part time officer. We do not have enough money. Ms. Quackerbush responded that the school should be taken out of the equation and the money should be used to get what the Borough needs such as streets and sidewalk improvements, etc. Mayor Myhre noted that if the Borough does nothing and collects regular taxes, the Borough would be back at \$11,300.00 a year. Is the Borough comfortable with the status quo or an incentive. The property is zoned for 111 units. We have someone invested. Ms. Quackerbush stated that someone could come in and develop the property anyway. It is hard to swallow that they would get a break. If we agree that the parcel needs to be developed, where do we have room to restructure so that the developer does not walk away.

Holly Low of Eighth Street noted that she lives a half a block from the site and as a form councilwoman, it is a hard job, the issue is complicated and the struggle is to have all the information to make a decision. She supports this development, she is excited to have more people paying into the town and is looking forward to having new people and affordable housing. A lot of people spoke to not seeing the costs laid out which is the best tool to evaluate. Show us the numbers. We need an economist and compare different types of PILOT programs. Country Classics - Do not walk away. See if we can come up with something different. We need a cost analysis of the cost of the traffic and traffic calming, the cost of the streets and driveways, the clean up called remediation. A lot of soil was removed and other areas are being capped. The property will be monitored. She does not believe that the clean up should be thrown around. We need more meeting on weekends. We need to slow down and look at an analysis. She asked if that information could be posted on the website. She asked when an ordinance would be introduced and if that could be put on the website as well. Can we continue to negotiate. We need more information to make a great decision for the town.

Jen Campbell of Ward Street stated that she gets what the taxes would be if tax regularly but with regard to the school, the school does everything it can to operate. Many people move to town because of the school.

Teresa Pearson asked to see the tax information and not just what we get. What is the tax burden is to the town people and get us projection. It does not show the actual progression.

Sky, ew resident on Third Street, noted that she moved here for the school. You talked about private ownership and rentals. Is it possible to give a PILOT to the rentals and not the homeowners. Mayor Myhre noted that it is possible and the Borough will continue to talk negotiations. He believes the development is best for the town.

Pam asked when the vote would be. Mayor Myhre noted that no vote has been scheduled. We were asked to get additional information and the Borough will have another public meeting and you will be notified. The sign up sheet includes email addresses. We will provide you with an update. Responding to the public as to the number of votes needed, Mayor Myhre noted that there are 6 Council members and the Mayor. The Mayor votes in case of a tie. Pam commented

that it seems to here that the Council's mind is already made up. Are you really going to consider the fact that many of us oppose this or will you make more charts. Mayor Myhre noted that if we had our minds made up, we would not have a public meeting for input.

Responding to Chris Mundy, Mayor Myhre noted that you can always email Council.

Renee Peterson, resident for 19 years, noted that she came here and decided to stay for the rest of her life. She has been through many Council meetings and heard the same old. We want to get rid of the school, we do not want people to clutter the school, we want police. We have a unique situation and we are concerned about our taxes. You need this or you will lose everything. We lost businesses because they cannot make money here because there is no one here. What a beautiful sweet town. We also need to pay our bills and she thinks taxes will go up exuberantly. A lot has been done. We are paying to educate our kids who will go on to be doctors, lawyers, etc. We need the money to go to the school. We need the people or we will be headed for an empty town like Milford. We have an opportunity here to take and make this sweet community a community we will continue to enjoy and be a part of. She appreciates the Council. They work very hard. She has seen many boards and this is the best one. So much is accomplished. The playground was upgraded and is a dream come true to a kid. Thank you for all your work and efforts. Share with others, building this town and we will grow.

Geffrey Stanley of Fifth Street noted that he has a flavor for what Borough Council goes through. He ran several years ago. Thank you for not voting for me. He has lived here 27 years and was here in the 90's. Frenchtown is not that robust economic center but it is not dying. ArtYard is coming. Before we came here, Frenchtown was a home for modern income families and has been a benefit. There is much to be offered here and done here. He suggested that 30 years does not have to be it. Can you see 30 years? He is concerned that ancillary services have not been adequately considered. Spend the time and create a deal for the time. He is concerned that 30 years is too long. Consider the value of the homes and the for-sale units. He wants to be certain that when it comes time to sell, we can still pass it along to someone who can afford to live here. He opposes the PILOT on the for-sale units. He appreciates that the Council is doing a public meeting. Hope it continues until the vote is ready. Questions are a good thing and need to be answered.

Bob Haver of Harrison Street asked for clarification on the high school portion based on the value and the percentage that would add increased value to the town. The PILOT would not factor in because the property will not be on the tax rolls and the valuation does not come into the calculation. Mayor Myhre noted that the property is excluded from the calculation when assessing the high school cost. That is in the law. Anthony Inverso confirmed that no part of the assessed value is in the town's portion. It is excluded. It would not come into play with the regional tax portion. The current percentage would be the same if the development does not change. If the project is approved under the PILOT, it is excluded from the calculation. Kate Nugent noted that assessment is part of the calculation but there are other factors as well.

Mayor Myhre asked if there were any additional comments or questions for the public. Having no other questions or comments from the public, Mayor Myhre thanked everyone and closed the public comment session. He noted that there will be closing comments from the Council and he will be emailing everyone the information from today.

Mayor Myhre asked the Council for closing comments.

Kandy Ferree commented that clarification is needed and she believes from the public input that the Council could have been more proactive about the PILOT and affordable housing. She is committed to sharing information. Her second comment is about her coming onto Council and being opposed to a PILOT and now she is open to consider a PILOT. She has not made up her mind on anything yet. If we do a PILOT, the conditions are as important. Hearing the public and weighing the facts and determining what is in the best interest of the town and including her as a taxpayer is what she will consider.

Tami Peterson noted that we all take an oath and we are all trying to do this here. We are listening to comments and we will continue to flush it out.

Michele Liebttag stated that she hears that the impression is that our minds are made up. We are making notes on the comments and that will be part of the process. She appreciates the feedback and the Council will continue to share the facts. She thanked everyone for coming out on a Saturday and that the message got out there.

Caroline Scutt stated that she is thrilled to see everyone here. The topic is complicated and she is in favor of a PILOT. What it looks like will still need to be negotiated. We did talk about comparisons between a PILOT and regular taxes. We will do the best thing for the community and have some type of agreement. To say our minds are made up is unfair. We are open to comments made and heard some good ideas. It is a complicated process and none of this is easy. She wants what is best for the community.

Liz Johnson noted that she made her comments and is looking forward to the the answer to the questions asked.

Mayor Myhre thanked everyone for attending and noted that the next Council meeting is Wednesday, March 4th at 7:30 pm.

### **PUBLIC COMMENTS**

The Council approved to open this Public Comment portion of the meeting. Mayor Myhre asked for comments from the public.

Robert Haver asked that the minutes be posted to the website.

Having no other comments, Mayor Myhre closed the public comment session.

**ADJOURNMENT**

Being no further business to come before the Mayor and Council, the meeting was adjourned at 12:05 pm on motion by Liz Johnson, seconded by Michele Liebttag and carried by favorable voice vote.

Respectfully submitted,

---

Brenda Shepherd, RMC  
Borough Clerk