

The Special Meeting of the Borough of Riverdale Mayor and Council opened on the above date at 8:00 p.m.

Mayor William Budesheim presiding.

ROLL CALL: **Present:** **Falkoski, Loesner, Wetzler, Guis**
 Absent: **Astarita, Carelli,**

Mayor Budesheim announced that proper notice of this meeting was made as to time, date, place and agenda.

THE PURPOSE OF THIS SPECIAL MEETING IS TO HOLD A PUBLIC HEARING REGARDING THE BOROUGH OF RIVERDALE'S APPLICATION FOR A GREEN ACRES FLOOD PLAIN ACQUISITION GRANT (BLUE ACRES FLOODPLAIN)

PRESENTATION BY LAND CONSERVANCY OF NEW JERSEY

Mr. Cela: My Name is Aaron Cela and I work with the Land Conservancy of New Jersey who has been contracted with Riverdale Borough to help them with this Blue Acres Application and their other Open Space needs. If I may, I'd like to give a quick two minute little speech about the Blue Acres Application and about the properties that we're looking at here. First of all, again, as you said we're holding this hearing because it is required by Green Acres as part of the Blue Acres grant application process. The minutes of this hearing will be recorded by the Borough and they are required to be sent to Green Acres. They will become part of the application package. Just quickly about Blue Acres itself, Blue Acres is a funding grant within the umbrella of NJDEP Green Acres. The Blue Acres program is a funding program designed to work with the FEMA buyout program in concert to allow municipalities to purchase flood prone properties and preserve them as permanent open space. Generally FEMA will, under most of the FEMA programs, they will provide 75% of the funding to purchase these properties so the Blue Acres grant will provide up to 25% of the purchase cost of the property. Now, about the properties themselves. The Borough is applying to Blue Acres to purchase 10 properties that have been badly damaged by the recent flooding events. They total about 8 acres altogether. Seven of these properties are located on Harrison Road down here. Six of those are residential properties and there's one undeveloped property which is the little triangle piece down here right on the border with Pequannock. Of the remaining three, one is quite large as you can see here, five acres, and it's an industrial parcel. Then there's one residential parcel here and one tiny residential parcel up here. You probably can't see it because it's quite small but it's up there. Now, all these properties as you can see by the stripe here on the map, all these properties are within the floodplain and they have experienced extensive damage and they have owners who voluntarily wish to participate in the buyout process as is required by FEMA and Blue Acres as well. Now, by removing the structures from these most vulnerable flood prone areas in town and replacing them with natural areas, these areas will cease to exacerbate the flooding issues and will have flood storage potential, become flood sinks. This will soak up the flood waters that will continue to periodically surge beyond the banks of the Pequannock River. In fact, purchasing land for control of flood waters is actually much less expensive than the replacement costs for the property damage, especially if it's repetitive property damage on these properties so it makes economic sense to do this as well. The preservation of these properties could actually become a cornerstone for a Riverwalk within the borough that I know has been discussed with the Land Conservancy. It would give the public an opportunity to enjoy a beautiful natural area via a trail corridor while at the same time providing the flood benefit that I had mentioned before. Lastly, the preservations of the Harrison Road properties in particular provide an extra benefit because Pequannock Township has already preserved or are in the process of going through the buyout process with all the homes that they have along Harrison Road

PRESENTATION BY LAND CONSERVANCY OF NEW JERSEY (continued):

excluding one. All of them are either already preserved or in the buyout process excluding the one. So by going through the buyout process with these properties here on the Riverdale side of Harrison Road it would actually extend this preservation project to make it a multi-municipal project if you will and it would allow citizens of both Riverdale and Pequannock to enjoy this open space and conceivably could provide a Riverwalk to connect to the various open spaces in the two municipalities and it would provide an excellent recreation opportunity for citizens of both municipalities. That's pretty much it. It's pretty straight forward.

Councilwoman Wetzel: Am I to understand there will be one remaining resident down there?

Mr. Cela: Well, he is finally starting to relent. He is now looking to sell from what I hear but he is not officially entered into the buyout program as of yet. He's the one holdout but that's his decision. These programs must be voluntary. There's no way to force people into this which rightly so there's no way to force people.

Councilwoman Wetzel: And it's a Pequannock resident?

Mr. Cela: Yes, it's a Pequannock resident. Here in Riverdale everyone has agreed.

Councilwoman Wetzel: And that large parcel of land, where is that?

Mayor Budesheim: That's that Rovic Trucking where the former DeMarco Garbage...

Councilwoman Wetzel: Oh, okay on the other side of...okay.

Mr. Cela: This one again it's rather large which is nice but it's an industrial property. If you do peruse the application you'll see that some of the costs to do diligence are larger than they would be for these tinier parcels because it would cost a lot more to do the survey and appraisal and things like that on a large industrial property.

Mayor Budesheim: What's the threshold for the cost benefit? We were told we were excluded from the Pequannock application because the cost benefit ratio wasn't there. In other words, they wouldn't be saving enough money. What is that threshold? How many years do you have to have flooding?

Mr. Cela: I don't have the exact numbers in front of me so I will get back to you with the threshold. However, let me just say to partially answer your question FEMA has an annual funding round. Basically every year no matter what if you are what they call a severe repetitive loss property that means that you have, and again I don't want to be quoted on the numbers, I'll get you the exact numbers, but it's something like \$5,000 of damage in a 10 year period three times.

Borough Engineer Darmofalski: Three \$5,000 losses.

Mr. Cela: There you go. So here are the exact numbers.

Mayor Budesheim: Three \$5,000 losses.

Mr. Cela: Within a 10 year period, exactly. Then you get onto what's called a severe repetitive loss list. Then you are eligible for a FEMA buyout no matter what. However, what makes this time period special is that as I'm sure you guys know after Hurricane Irene, New Jersey was declared a Federal Disaster Area which means that all this new FEMA funding is becoming available so the rules are a lot less strict as to which

PRESENTATION BY LAND CONSERVANCY OF NEW JERSEY (continued):

properties are allowed to receive funding so that's the program that we have applied for to FEMA and that's also the program that we're attempting to link to Blue Acres funding as well.

Mayor Budesheim: Whoever determines the fair market value of these houses obviously they're in a flood area so their value is going to be less, but that doesn't give them enough money to relocate to a non-flood area. Do they take that into consideration? Do they appraise it as if it weren't really in the flood area?

Mr. Cela: No, unfortunately.

Mr. Darmofalski: They appraise it prior to the flood so it's before any damages take place. That's the appraisal, and just by my knowledge of other municipalities that are going through this project the owners, first of all it's voluntary as Aaron said, but the appraisal will come in at a value and it's going to be that or the value of your mortgage. Some people if they have an excessive mortgage FEMA's program will allow them to pay off their mortgage versus the appraised value which could be higher. They have a snapshot that they take the appraisal at and that's the way that the system works.

Councilwoman Wetzel: So I guess if I owned a home there and agreed that I would do this, they come in, they give me an appraisal or they say this is what we feel it's worth.

Mr. Cela: Correct.

Councilwoman Wetzel: Now FEMA will pay 75% of that and your organization will pay 25%?

Mr. Cela: No, not my organization but the state will.

Councilwoman Wetzel: Okay so it comes through Blue Acres so it comes from the state. Let's say it's \$200,000 so as the owner I'm given \$200,000 to walk away?

Mr. Cela: If the appraisal was \$200,000. Whatever the appraisal number is then yes.

Councilwoman Wetzel: Whatever the number is. So the agreement is made, I'm given that set figure, then I just go.

Mr. Cela: Then that money is yours and you can go do with it what you like.

Councilwoman Wetzel: And so then how does that affect the property of the town?

Mr. Cela: The ownership of the property then is deeded to the municipality but there are deed restrictions on it that basically say that it has to remain open space. It becomes essentially a municipal park but can't be developed for baseball fields.

Mayor Budesheim: So who demolishes the houses?

Mr. Cela: That's part of the cost. If you look at the application, you can see when you're estimating the cost of the project, demolition is one of the costs and so that is taken into account.

Mayor Budesheim: You don't subtract it from what the person gets?

Mr. Cela: No. That's separate.

PRESENTATION BY LAND CONSERVANCY OF NEW JERSEY (continued):

Mr. Darmofalski: Could I help the Borough understand your responsibilities on this? First of all it's voluntary. Let's say Paul was offered \$100 and Paul didn't want to sell it for \$100 then you don't have to do that. One of the downsides of signing off on this program as a homeowner is that your flood insurance will be at the current rate. Many of the flood insurance rates throughout the state of New Jersey and also in Riverdale are at grandfathered rates. So they're going to pay top dollar, or full value of their insurance rates as opposed to being grandfathered. There's a down side that if you don't accept the offer there is a consequence to that. I don't think it's a bad consequence but that's what it is. In the event that all of these properties agree and they're willing to be bought out, it's the Borough's responsibility to administer the demolition and the restoration. We're actually in Lincoln Park going through bids right now and the administration of this which is eligible under cost reimbursement through this program for the demolition, the administration, the survey; everything along those lines, the closing is all eligible costs under this program if it should be funded. So it's not money out of your pocket. The other thing that Aaron hasn't mentioned yet is there is a five year period of time that FEMA reimburses you for the ratable that you've lost. So after five years you don't have that ratable any more but they have a sliding scale that they have a five year period that you get your ratable. It will be an eventual loss, the ratable, but you have five years to work that into your budgets.

Councilwoman Wetzel: That was absolutely my next question. How does that affect us as far as it coming off of our tax roll? Okay.

Mayor Budesheim: And the cost of providing services to that street with Pequannock pulling out is going to exceed whatever the tax rate. Now the industrial building, is that handled the same way?

Mr. Cela: That is a little bit more tricky. It may or may not be accepted. Generally these things are for homes but the grant for disasters they don't exclude other types of properties so if there's any kind of, I mean I don't know what the property looks like. If there's waste on there, if there's things like that, they might not accept it but we're going to throw it in there. We're going to see if we can...

Councilman Loesner: That's what I was going to ask. A property like that's got a potential for environmental cleanup.

Mr. Cela: Exactly. So we're giving it a try. The homes are more what this is designed for but we're going to see what we can do.

Councilman Guis: You might remember, Paul's probably more familiar. There were a lot of DEP remediation issues to be done there a lot of which have never been done.

Councilman Loesner: It's true.

Mr. Darmofalski: There's two issues with the DeMarco property as we all know it. One is that there is a pollution issue. We don't know what that is and there also was some illegal fill that was never remediated. That was all brought about at the Planning Board meetings when we heard the Alexan North project and that was going to be taken care of but it's never been taken care of. There's a little bit of work to be done on that particular piece if there should be eligible funding for that. The state will not do it. They actually have a closing that they take title to the property. They will not do that if it's got environmental issues.

Mr. Cela: Documented environmental issues could pose a problem. We'll see where it goes. It can't hurt to put it on the application and see what happens.

PRESENTATION BY LAND CONSERVANCY OF NEW JERSEY (continued):

Councilman Loesner: You would think they would have some kind of program to deal with a site like that. That's probably the best one to get rid of when you think about it. It's like causing pollution. Ted and I could knock those houses down in a day and a half.

Mr. Cela: This is the kind of thing I'm going to want to talk to whoever I can to learn a little bit more about exactly who might know about these issues. Then I'll go back to the office and talk to the rest of my staff and do some more research and we'll figure out exactly what this means.

Mayor Budesheim: Maybe we should just drop that one and concentrate on the houses.

Councilman Guis: Here's my concern. If we're openly taking title to this property I don't want to inherit the known problems we have there. It sounds like it's a difficult part of the application anyway.

Mr. Cela: Well it's not difficult to put it on the application but let's say I'm a little bit wary as to whether or not...

Councilwoman Wetzel: Could this jeopardize the rest of the project?

Mr. Cela: No, I don't think it would.

Councilman Loesner: Could you (indiscernible) if like that one becomes a problem where you could take the houses on Harrison Road out of it or does it have to be all or nothing?

Mr. Cela: No. The way that it's set up is you can see that Harrison Road which is the main kind of priority obviously of the project and of the Borough are all down here. This property of concern is here and then there's two others spread out. This is kind of the bulk of the project. This is kind of where we have our focus.

Councilman Loesner: Do they have the program that runs each year or is it just a one time opportunity?

Mr. Cela: Well, then again there is the annual program but as I said a little bit earlier there are some stricter rules. Instead of who can and cannot apply for the annual funding this disaster relief funding gives us a little bit more leeway as to getting this done.

Councilman Loesner: Do you think we'd have a greater chance of success if we just did the residential properties and took out the industrial?

Mr. Cela: I will get back to you on that for sure but I believe that it would not jeopardize the application and if the state felt that this property was not going to fly they would take it off.

Councilman Loesner: But here's what I'm worried about. We have the residents, they want to get out, we want to help them get out. I'd hate to lose the opportunity to help them because of that site.

Mr. Cela: Yeah. Basically...

Councilwoman Wetzel: Can you do it in stages? Can we do Harrison Road as phase I and be guaranteed that's going to fly and then move on to phase II?

PRESENTATION BY LAND CONSERVANCY OF NEW JERSEY (continued):

Mr. Cela: Unfortunately, the way that it seems the state and federal government often times work is that they gave us very little time to actually plan this out. They said okay it's due in a month. So unfortunately we don't have time to really submit this in several phases. We have to get everything we can in by the deadline which is the end of the month.

Councilman Guis: If we approve this or we make the request are we committing that if the state funds this we've going to do it?

Mr. Cela: Well, the homeowner has to approve it.

Councilman Guis: I said I know the homeowner has the option to back out of this. If since we don't have all the answers on this environmental stuff can we, if we find there's an issue there, later pull out or are we committing to it?

Mr. Cela: I see what you're saying. No. In other words, this money, it's just like other Green Acres funding where if you get the funding for a project then you have the funding for the project and if you don't do the project then the state takes the money back.

Mr. Darmofalski: Can I just make a few comments about some of your questions? It's voluntary on your part also. The state does its due diligence. If these properties are all eligible and they said you're funded now we have to go through the - they have their own environmental review and if they come up with something that's environmental and Riverdale does not want to pursue it or the numbers don't work it's going to get dropped. They're going to tell you to drop it. It's not really going to be your choice so you're not buying a pig in a poke at this stage of the game. My knowledge also is that you may not be taking title to this property. It might be the state of New Jersey that takes title to this property and you have a responsibility to maintain it meaning that you just let it go back to its natural state. You have the right to use it for active or passive recreation. You can't build on it.

Mayor Budesheim: Now these grants, are the grants a legal contract between the homeowner, in other words are we just applying for this on behalf of the homeowners?

Mr. Cela: Yes.

Mayor Budesheim: So we're not really going to be active participants in this except for the demolition part?

Mr. Cela: Well, the money goes directly to them.

Mayor Budesheim: It's not like it comes to us and we've got to pay them?

Mr. Cela: Honestly I'm not exactly sure if the money goes to you and you have to send it to them or if the money gets sent directly to them. I'm not entirely sure but the only way that a homeowner can participate in this program is if they participate through a municipality so it's organized at the municipal level.

Mr. Darmofalski: The answer to your question is you do have a participation level. The money will roll through the Borough of Riverdale and the timing of it is such that they can advance the money in the account and at the closing that money just gets given to the homeowner but it goes through Riverdale. You would be responsible for attending the closing with your attorney. The cost is reimbursable. The cost of engineering is reimbursable. The costs of other soft costs are reimbursable under this program. You don't have a lot of properties that we're applying for right now as opposed to some of

PRESENTATION BY LAND CONSERVANCY OF NEW JERSEY (continued):

your downstream neighbors. I would strongly encourage you to include what we have and let the process take place. You're in a severe area of flooding and I think it might be granted. I think you have the opportunity. Unfortunately, as Aaron said they didn't give the borough a lot of time to put this application together and do a lot of due diligence. This has been a rush and he's done a tremendous job putting this all together and coordinating with my office and Bill's to get this all put together. They gave you a month to put this all together and it's a lot of work. I would encourage you to put the application in and let's see where it goes. You're not going to buy a pig in a poke and if something happens that whether the one house on Harrison has a problem with an oil leak or if it's the DeMarco property that has a problem you don't have to pursue it.

Mr. Cela: Nothing binding for the town. Nothing binding for the land owner. If it's approved the money goes into an account to be used.

Councilman Falkoski: So there's everything to gain and nothing to lose.

Mr. Darmofalski: The thing to gain at this stage of the game is that the Blue Acres is picking up the 25% that FEMA is not. Normally if you want to make an application next year it's 75% funding and then you come up with the rest. Now, the county is talking about using some of the Open Space money as a potential for buying some of these properties or participating. Blue Acres is really Green Acres money that they're going to use for flood buyout and its Open Space acquisition. In fact the Governor has put forward something to say it's an automatic let's use this money that we can use for Blue Acres buyout based on this disaster. We don't have disasters every year. The March flooding was not a disaster. The March flooding from 2010 was not a disaster. The flooding from Hurricane Floyd was not a disaster.

Mayor Budesheim: When all these properties are bought out, what about the block and lot? What happens? Do they still remain individual or do they merge as one big lot and whose name would it be in?

Mr. Cela: As far as I know they still remain individual.

Mayor Budesheim: By Planning Board we could merge them all?

Mr. Darmofalski: I don't know the answer to that. I know Lincoln Park in some of their buyouts, and I just use my experience there, the individual lots remain the block and lot and the tax map shows that it's under ownership of public. And their properties are all owned by Green Acres of the state of New Jersey. There are other programs that FEMA owns so there's federal ownership of properties and state ownership of properties. I do not believe that you will be the eventual owner of these properties but FEMA never ceases to confuse me. It could be something different tomorrow.

Mr. Cela: I do have to say it is funny because I've read pages and pages of these FEMA regulations and it's really hard to keep it straight sometimes. You never can tell but probably that's the case. Me personally, this is the first Blue Acres application I'm putting through. We've gotten very familiar with the Green Acres process but I think we're going to do some more research and obviously just due to time constraints we're going to push this thing through and see where it goes from here and hope that the borough is considered eligible for this funding.

PUBLIC PARTICIPATION:

Mayor Budesheim thanked Mr. Cela for his efforts and announced the meeting is now open to the public.

PUBLIC PARTICIPATION (continued):

There being no comments, Councilman Falkoski set forth the motion, seconded by Councilwoman Wetzel, that the public portion be closed.

ALL IN FAVOR

Mayor Budesheim: Do we then pass this resolution and you're on your way?

Mr. Cela: Yes, and I think the actual application has to be sent from you guys. You have this check list here that comes with the application just to make sure. Don't forget to include everything that I've provided including the minutes from today's hearing and you should be all set and good to go. If you have any questions you can forward them to me. I can give you my contact information for the record if you'd like.

Borough Clerk Talerico: As far as the minutes go are you looking for verbatim minutes for this?

Mr. Cela: Well, it's a Green Acres requirement that the actual minutes from the meeting be submitted so yeah, preferably a transcription of the events. Luckily we're being recorded.

Mayor Budesheim: We have to have this in by the 31st? All right.

Mr. Darmofalski: I don't think they have to be verbatim minutes, with all due respect.

Borough Clerk Talerico: I don't think so either. I think they're interested that we had the public hearing that it was explained to the governing body and that the roll call of the resolution is on there.

Mr. Darmofalski: You're voting on this application that's been prepared that you have a copy of. What we need to do is on the last page sign that this is the resolution that was endorsed and then we need some photos and then we're all set along with the maps that we already have.

RESOLUTIONS:

Councilman Falkoski set forth the motion, seconded by Councilman Loesner, to approve the following resolution:

- 1) **Resolution #71-2011;** Green Acres Enabling Resolution.

ROLL CALL: **Ayes: Falkoski, Loesner, Wetzel, Guis**
 Nays: None
 (4 ayes – 0 nays – motion carried)

COPY OF RESOLUTION IN FULL ON PAGE NO. 118-A**ADJOURNMENT:**

Councilman Falkoski set forth the motion, seconded by Councilman Guis, to adjourn the meeting.

ALL IN FAVOR

Adjourned: 8:30 p.m.

APPROVED:

Respectfully Submitted:

Carol J. Talerico, R.M.C.
Municipal Clerk