

WANAQUE MAYOR DAN MAHLER RESPONDS TO THE BALUNIS' POISON PEN LETTERS TO THE EDITOR OF THE SUBURBAN TRENDS

This letter is in response to several letters recently published in the Suburban Trends newspaper which were signed by supporters of Tom Balunis. First of all, I think that it is very unfortunate that the Balunis group feels they have to resort to this level of negative campaigning. It is a clear sign that a political candidate has nothing else to offer when they start distorting the facts to an attempt to discredit their opponent. I have been serving the citizens of Wanaque for the past 32 years, the last 18 on the governing body as a Councilman and then Mayor. Prior to that I was involved with several volunteer organizations. As a public official I have always done what I felt was in the best interests of our community. I am appalled by the degree of unjust criticism that is arising just before an election. Hopefully the people of Wanaque will see through this facade.

First, let's take a minute to discuss the real authorship of these letters. From my personal experience in running campaigns with Mr. Balunis in past years, I know full well that in those campaigns he personally wrote predominately all of the letters to the editor and gave them to supporters for signature. Why should now be any different?

I challenge Mr. Balunis to have the courage to stop hiding behind his surrogates. If he really wants to be Mayor, he should stand up and speak for himself and discuss the issues in the open.

Now let's discuss the contents of these letters. The author uses a combination of half truths, innuendoes and misstatement of facts to attempt to blame me for everything short of global warming. As Mayor, I get the credit when things go right and I take the heat when things don't. I don't have a problem with that, its part of the job. I do, however, have a problem with people who make up the issues and twist the facts for their own political purposes.

In one particular letter, I am criticized for a number of stalled development projects around town. Is the author inferring that it would be much better to do nothing rather than to attempt to improve our community? Would you rather have the old candle factory sitting there collecting dust? With any development project, the municipality can only set the zoning. In every case, it is the responsibility of the developer to have sufficient capital to build the project. In the case of the candle factory developer, he miscalculated his costs, took too much time with his site work and wound up getting caught in the current economic downturn. As a result, he filed bankruptcy. How many other construction projects have stalled throughout our country? Ride through your neighborhood and take a look at all of the home foreclosures. In a bit of irony, the signer of the letter criticizing me for these failed construction projects is himself personally impacted by the downturn in the real estate and construction industries.

Recently, we met with a developer who was interested in purchasing the candle factory project from the bank and completing it. At this juncture there are many unknowns. However, the bottom line is that this project will eventually be built and it will be a benefit to our community. It may not be the financial windfall of the original plan, but it will be much better than what was there before.

The Balunis group is also criticizing me for the Town's ownership of the empty building at 1085 Ringwood Avenue. My response is simple. In most instances, before the State of New Jersey will approve a redevelopment plan for a multi property project, they require a certain degree of participation by the sponsoring municipality.

In the case of the Haskell Town Center redevelopment, the Boro purchased two properties before the redevelopment began and later sold them to the redeveloper. The “General Sewer” property, located where the Gazebo now stands, was purchased in 1999, seven years before the ground breaking for the Haskell Town Center Building. The “Jack’s Hardware” building was purchased a few years later. Look what’s there now. Isn’t the Haskell Town Center Building much, much better than the buildings that stood there before? The reason the Boro purchased the Building at 1085 Ringwood Avenue was to establish participation in the redevelopment of the area south of Doty Road and across from the CVS. **Mr. Balunis was in favor of this purchase. As a matter of fact, Mr. Balunis signed the deed to buy the property in 2006 when he was the interim mayor.** See for yourself. You can look it up on the Wanaque Municipal web site at www.wanaqueborough.com.

I am also being criticized for the 2008 Municipal budget increase. Interesting. First of all, let me remind you that in both 2006 and 2007 there was a zero percent increase in the Municipal budget. This was due to the fact that Wanaque Reserve was coming on the tax rolls and the added assessments stabilized the municipal tax rate. In 2008, a number of items occurred which had an adverse effect on the tax rate. Municipal expenditures for health care costs and pension allocations from the State of New Jersey continued to increase, while outside revenues, over which the Council has limited control, decreased by almost 17%. This revenue decrease consisted of decreases in state aid, construction fees and reduced surplus. The last two items were a result of the declining economy. Construction at Wanaque Reserve slowed down reducing construction fees and surplus and also reduced the amount of added assessments in 2008. **While the Balunis group is quick to point out the 2008 tax increase, they fail to mention that Councilman BALUNIS HIMSELF VOTED FOR THE INCREASE, WITHOUT making any cost cutting recommendations.** You can also look this up on the Wanaque municipal website.

As a matter of fact, while the Mayor and the Council finance committee are responsible for proposing the Municipal budget, the Mayor has NO VOTE on the budget. That’s right. Under the Borough form of government which is used in Wanaque, the Mayor only votes to break a tie in the Council vote. Furthermore, New Jersey State statute requires a Municipal budget to be approved by 2/3 majority of the Council. Do the math. The Mayor cannot vote on the budget.

While the Balunis group is quick to blame me for all of the things that they feel have “gone wrong” in Wanaque, I must point out that as a councilman for the past 9 years, **Councilman Balunis VOTED FOR EVERY ITEM which his group is criticizing me for except the 2009 budget and the purchase of the Pulte Sales office.** With that said, let me now address those two issues.

Regarding the 2009 Budget, the State put us, along with many other towns in New Jersey, in a very tough position as they required us to cut \$330,000 from our budget in May 2009, spread over the last 8 months of the year. Budget cuts were made. As a result municipal expenditures in 2009 increased less than 1/10 of 1% over 2008. The problem was again related to reduced revenues. In voting against the 2009 budget, Mr. Balunis offered no solutions other than he “didn’t like the pension deferral”. You can again look this up on the Wanaque municipal website. Truth be told, no one on the Council liked the pension deferral. Unfortunately, the consequence of not taking the pension deferral was that an additional \$650,000 would have to be cut out of the 2009 budget on top of the previously mentioned cuts. This would have resulted in layoffs of at least 6 to 8 employees and significant reductions in services. The majority of the Council did not want layoffs or substantial cuts in services and as a result, opted for the pension deferral. **As for Mr. Balunis, his vote says that either he didn’t care about laying off Boro employees or he was grandstanding so he could claim that he voted against the budget. You decide.**

Although Mr. Balunis would like people to believe that he is “fiscally responsible”, it was his neglect while interim mayor in 2006 that could have cost Wanaque the additional \$200,000 contribution from

Pulte. The original developer's agreement with Pulte called for a \$250,000 contribution to the Wanaque for fire equipment. The Fire Department needed a new truck and the \$250,000 represented the upgrade to a truck capable of servicing a 5 story building. In 2005, when it was determined that the cost would be greater than originally anticipated, Mayor Hagstrom and the Boro Administrator met with representatives of Pulte and negotiated an additional \$200,000 payment. Mayor Hagstrom passed away shortly thereafter and the additional \$200,000 was never memorialized in writing. The interim mayor in 2006 (Balunis) never followed up on this. Subsequently, the \$250,000 was paid to the Boro, a new firetruck was purchased and Pulte downsized its staff due to the downturn in the real estate market, including most of those present at the meeting. When Pulte appeared before the Planning Board in October 2008, the in-house counsel representing them was the last remaining Pulte employee from the 2005 meeting. In response to my inquiry, the in-house counsel acknowledged the existence of this verbal agreement. Later he agreed to incorporate the payment into the resolution in order to memorialize the agreement in writing. Why is this important? Because in 2009, this in-house attorney was laid off in another wave of Pulte downsizing. Had I not brought the issue up to have the \$200,000 memorialized in writing, the collectability of the \$200,000 could have been in jeopardy. As any attorney will tell you, a verbal agreement is as good as the paper it's written on.

Now lets discuss the Balunis group's big issue, the Pulte Sales Building. Some hard facts are: (1) the final cost of the building was \$485,000, after Councilman Cortellessa negotiated a \$25,000 decrease in the purchase price due to a delay in the closing, (2) Pulte gave the Boro a \$200,000 credit related to fire equipment, (3) the Boro paid the balance of \$285,000 from capital surplus, meaning that no additional borrowings were made, and (4) the Boro will be collecting \$77,460 per year in rent for a 10 year lease which started on April 15, 2010. The rent increases annually after year five and the County has an option to extend this lease to 2030.

First, lets talk about the building. It is a modular office building and not a "construction trailer" as the Balunis group claims. The building was originally presented to the Planning Board several years ago as a temporary structure. Pulte intended to relocate the structure to their next project when the building was no longer required for Wanaque Reserve. However, with the sharp decline in construction of senior housing, Pulte did not have a viable "next project" where the building could be used. Pulte then came back to the Planning Board with a request that the building be made permanent. At this point, the Boro of Wanaque had absolutely no interest in purchasing it. The Planning Board heard testimony from professional engineers and approved the building as a permanent structure in October 2008. Ironically, Bill Rucci, a member of the Planning Board, is the signer of a Balunis group letter which referred to the building as something that will "deteriorate into a pile of worthless junk" and further stated in the letter that "these types of trailers are constructed for temporary use" and that it will "be ready for the scrap heap in 10 years". Really? Did you know that at the October 2008 Planning Board meeting, Mr. Rucci himself volunteered the following testimony about the condition of the building: "Member Rucci said he personally went down to inspect the site with Mr. White (of Pulte) and there was a hole cut in the floor to look for any dampness underneath and it was dry as a bone. Member Rucci said the structure appeared to be very solid and he was impressed and his opinion changed drastically as he looked at it more and believes it is a viable structure for resale" Then after making this statement Rucci himself made the motion to approve the building as a permanent structure. He voted for it as did John Dimeglio. How about that? If you don't believe me, you can look it up yourself at www.wanaqueborough.com . Look in the minutes of the October 2008 Planning Board Meeting. It's right there in black and white. Now why would Rucci make such a comment at the Planning Board meeting and why would both Rucci and Dimeglio vote for making the building a permanent structure and then later both state that the building is a "pile of junk" in their letters to this newspaper? I really don't know. **Are they both a couple of hypocrites? Or did neither one bothered to read the letter which Balunis gave them to sign? You make the call.**

Now lets discuss the Balunis group's complaint about the tax assessment of the Pulte sales building. The building was originally assessed at \$496,400 which put the equalized fair market value at over \$1,100,000.

Pulte paid taxes on this amount up until they filed a tax appeal. The Passaic County Board of Taxation reviewed their case and in April 2009 lowered the assessment by 50%. This would equate to a fair market value of \$550,000. Neither the Mayor, the Town Council nor the Boro Administrator had anything to do with this tax appeal. Quite frankly, the Boro was fortunate that Pulte did not file a tax appeal sooner, because we would have lost at any point in time.

There was also a matter regarding a NJ DEP action on the site. During negotiations for the property, Pulte disclosed that there was a DEP action from 1998 on the site related to a low level of industrial solvents which had seeped underground below the property from General Ceramics. Pulte further disclosed that subsequent tests revealed no reportable contamination. The NJ DEP stated that they were closing the case. Nevertheless, the contract with Pulte required that Pulte be responsible for any and all costs associated with this matter. The final NJ DEP letter was issued on May 11, 2010 resolving the matter and instructing Pulte to decommission the monitoring wells on the property.

(See a copy at www.wanaqueRepublicans.com)

Last, but not least, let's discuss the building purchase. Prior to 2009, the Mayor and Council had ABSOLUTLY NO INTEREST in purchasing this building. Subsequently, Passaic County looked at the building as a site for an up-county location for both the Board of Social Services and the County Clerk. In the spring of 2009, Passaic County approached us regarding a joint venture whereby we would purchase the building and lease it to the County. The Boro had capital surplus that could be used to purchase the building without incurring additional debt. By the way, capital surplus cannot be used to reduce the municipal operating budget. Furthermore, since the firetruck had already been purchased, the additional \$200,000 from Pulte would have to be added to capital surplus upon receipt. Most of the Council felt that this was an innovative way to generate revenues for our budget while at the same time providing county services to the citizens of Wanaque and the other upcounty towns. An appraisal was done on the value of the property by a certified, independent third party commercial appraiser. The appraised value was \$550,000. The Boro attorney negotiated a price of \$510,000. The final cost was \$485,000.

Originally I was skeptical about this plan, but after reviewing the numbers and seeing the financial benefit to Wanaque combined with the increase in county services, I endorsed the Plan. I would like to also point out, that while I did endorse the Plan, I did not vote on it. That's because the Mayor does not have a vote unless there is a tie. Five of the six Council members voted in favor of the purchase at the August 10, 2009 Town Council meeting. Councilman Balunis was the lone no vote. He later stated that he had not seen any financial analysis. He even put this in writing to 19 of his supporters in an e-mail when he referred to the other five Council members as "dopes" for supporting this purchase. **This is very interesting, because at the July 13, 2009 Town Council meeting, Councilman Balunis voted YES for Ordinance 12-0-09 to appropriate the money from capital surplus to purchase the building. If Councilman Balunis had not seen any financial information in August, just what did Councilman Balunis look at in July to convince him to appropriate the funding? This is not my opinion, it is fact.** Once again, you can pull up the minutes of the July 13, 2009 Council meeting on the Wanaque Municipal web site, www.wanaqueborough.com and see for yourself. You can also view his "dopes" e-mail on www.wanaquerepublicans.com

The five Council members voting in favor of this purchase include: Don Pasquariello, a 12 year member of the Council and current Republican Boro Leader, Ed O'Connell prior to his election to the Passaic County Freeholder board, George Theoharous a 25 year member of the Council, Rob Pettet the current Council President and last but certainly not least, Karen Cisco, the lone Democrat on the Council. Each and every one of these Council members reviewed the transaction in detail and they all concluded that the purchase was in the best interests of the Boro of Wanaque. **One more thought. Don't you think that as the lone Democrat on the Council, Karen Cisco, who is also running for Mayor on the Democrat ticket, would not go along with the**

Republican majority unless she was fully convinced that this purchase was in the best interest of our community? As a matter of fact, Councilwoman Cisco not only voted for it, but she was one of the first members of the council to take a stand in favor of the purchase. **How about that! What does this tell you?**

So why is the Balunis group creating such a stir over this issue? Is it because Councilman Balunis and his supporters do not have the business or financial knowledge to comprehend the transaction? Or is it because they need an issue to spin to the public to create a false illusion to use to get him elected Mayor? I believe it's the later, but you judge for yourself.

Unlike my opponent and his poison pen letter signers, I believe that I have presented all of the facts in a truthful, open and honest manner. If you disagree, then by all means vote for my opponent. But if you agree with me, then please come out and vote for the Mahler team on June 8th and put an end to this nonsense.

**Dan Mahler
Mayor of Wanaque**