

East Rutherford Schools Could Get a \$20 Million Slice of Mall's PILOT Funding, Drastically Cutting the Tax Impact of an Improvement Plan on the Jan. 28 Ballot

EAST RUTHERFORD – The Borough Council and Board of Education have reached an agreement to share up to \$20 million in payments from the American Dream mega-mall that opened in East Rutherford in October. This deal drastically changes the outlook for the school improvement plan on the Jan. 28 ballot – slashing the tax impact from the previous estimate.

The Borough of East Rutherford Council approved the pact at its reorganization meeting on Wednesday, and the Board of Education did so on Thursday. If voters approve a bond referendum for school improvements on Jan. 28, the borough will contribute toward loan payments – reducing the cost on property tax bills.

The Borough has pledged to share at least \$13,725,000, and up to \$20,000,000 over 20 years; its annual contribution may vary through the 20 years of the agreement. Even at the low end of the range, that contribution would equate to about 39% of the school improvement plan's total cost. Prior to this agreement, the plan's tax impact was estimated to average \$269 per year. The new estimate with the borough's contribution ranges from \$107 to \$161 per year. The estimate is based on several factors including a home assessed at \$388,640, the average in East Rutherford.

"This agreement is a continuation of the Council's insistence on getting and sharing some of the financial benefit that will come from the American Dream development," said Mayor Jeffrey Lahullier. "The Borough previously negotiated funding for the new police and court facility. This agreement will benefit our schools."

Funding will come from a mechanism known as PILOT: payment in lieu of taxes. Developers are attracted to set dollar amounts rather than the fluctuations of property taxes, but PILOT payments are typically made to a municipality rather than to all of the entities that would have received property tax revenue. With this agreement, the Borough of East Rutherford is sharing the benefit with the school district.

The agreement hinges on the Jan. 28 voter approval of a bond referendum to improve and expand East Rutherford Public Schools. The Board of Education proposed \$35.5 million in projects to address the space needs of higher enrollment and the systems and security needs of aging buildings. State aid is already committed to reducing the local cost by about \$5.2 million. PILOT funding would cut another \$13.7 million to \$20 million.

"If voters approve the referendum, East Rutherford would get \$35.5 million worth of improvements, but pay a fraction of that cost locally," said Superintendent Giovanni Giancaspro. "It is a generous and beneficial deal that only requires approval from voters on Jan. 28 to happen."

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