Berkeley Heights Public Schools
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Dr. Kim Feltre
Superintendent of Schools

Include, Inspire, Empower

Jennifer Nicholson
Business Administrator

March 9, 2026

Liza Viana
Township Administrator
Members of the Township Council
Township of Berkeley Heights
22 Park Avenue
Berkeley Heights, NJ 07922

Re: PILOT Properties and Fiscal Impact on the Berkeley Heights School District

Dear Ms. Viana and Members of the Township Council,

Thank you again for meeting with us recently to discuss the PILOT properties in Berkeley Heights and their financial impact on the School District. We also appreciate the subsequent correspondence following that meeting and your willingness to continue the dialogue.

We believe it is important to clearly reiterate the current impact these developments are having on the Berkeley Heights Public Schools.

PILOT Developments in Berkeley Heights
Based on publicly available municipal records, the following developments are currently operating under PILOT agreements within the Township:

- Clarus
- The Terrace
- Berkeley Crossing
- Mondelli Property
- Millcreek (Modera) Residential Project
- Former Hotel Property

Current Student Enrollment Impact
District enrollment data indicates that these developments currently contribute:

- 57 total students
- 19 of those students requiring special education services
- 7 of those students receiving Multilingual Learner Services (MLS)

Estimated Annual Financial Impact
Using conservative cost estimates based on average district tuition and service costs:

- 57 total students × $22,000 = $1,254,000

- 19 special education students × $18,000 additional cost = $342,000
- 7 ML students × $5,000 additional cost = $35,000

Total Estimated Annual Impact to the School District: $1,631,000

These costs represent an ongoing structural obligation for the district, as students residing in these developments require the full range of educational services provided by Berkeley Heights Public Schools.

PILOT Revenue Structure

As discussed, PILOT agreements do not distribute revenues to school districts in the same manner as traditional property taxes. While these developments generate residents and students who rely on public education services, the School District does not receive a proportionate share of the revenues generated by those projects.

Based on publicly available municipal budget information, current PILOT agreements are projected to generate nearly $70 million over the life of the agreements, with over $6 million likely collected to date, and annual revenues now estimated to exceed $2 million as the developments reach full occupancy. We would appreciate confirmation that these figures are accurate as the Council reviews the updated PILOT information.

While we understand that PILOT revenues were structured to support municipal financial obligations, including debt service, the continued growth of residential developments operating under these agreements has created a situation where the educational costs associated with those developments are borne entirely by the School District without a corresponding revenue source.

Pending State Legislation

The New Jersey Legislature is currently considering Senate Bill S-1807, which would require municipalities to allocate a portion of PILOT revenues to school districts. The bill has advanced out of committee and reflects growing statewide recognition of the fiscal imbalance created by current PILOT structures.

Until such legislation is enacted, municipalities retain discretion regarding whether and how PILOT revenues may be shared with school districts.

District Budget Timeline

Our statutory budget timeline has recently been extended, with the preliminary budget submission to the County Superintendent now due March 27, followed by the public hearing and final budget adoption later this spring.

As we work toward a balanced budget amid substantial increases in healthcare coverage and energy costs, we are evaluating a number of difficult options, including:

- program reductions
- curtailment of discretionary spending
- increased class sizes where necessary
- staffing adjustments and potential reductions in force

These are decisions we work diligently to avoid, and we are exploring every possible option before moving in that direction.

Because these decisions must be finalized prior to the March 27 submission deadline, timely guidance from the Township regarding any potential PILOT revenue consideration is critical to our planning process.

Request for Council Consideration

As the Council reviews its PILOT revenues and related financial obligations, we respectfully request that the Township consider providing financial consideration to the School District related to these developments for FY25 and FY26, while working collaboratively toward establishing a temporary agreement or contract addressing the fiscal impact of PILOT developments moving forward, until such time as statewide legislation establishes a uniform funding mechanism.

Given the District's statutory budget deadlines, a determination regarding this request prior to the March 27 budget submission would be extremely helpful to allow the Board of Education to make informed financial decisions and avoid unnecessary reductions wherever possible.

Our shared goal is clear: a strong municipality supported by a strong school district that reflects the quality of the Berkeley Heights community.

Thank you for your time and consideration. We look forward to continuing this dialogue.

Sincerely,

Kim Feltre

Dr. Kim Feltre
Superintendent
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