

Florence Township Council Executive Session 3/13/24

Florence, New Jersey
March 13, 2024

The Florence Township Council held a regular meeting on the above date in the Municipal Complex, 711 Broad Street, Florence, New Jersey.

The meeting was called to order by Council President Baldorossi at 7:00 p.m. Council President Baldorossi led the Salute to the Flag.

The Opening Statement was read by the Township Clerk: Notice was posted on the municipal bulletin board on January 7, 2024; published in the Burlington County Times on January 7, 2024, placed on the Township website and given to the Trenton Times for information on January 7, 2024.

ROLL CALL OF MEMBERS

Upon roll call the following were found to be present:

Present: Joseph Frappolli, John Fratinardo, Nicholas Haas, Talaya Loftin, Frank Baldorossi

Also Present: Mayor Kristan I. Marter; Thomas A. Sahol, Township Administrator; Robert Wright, Esq., Township Solicitor; Nancy L. Erlston, Township Clerk; Jenise Silinsky, Deputy Township Clerk

Absent: None

OATH OF OFFICE

- Police Officer Sean Schmidt

Mayor Marter administered the Oath of Office to Officer Sean Schmidt. Officer Schmidt thanked Mayor and Council, Command Staff, the Police Department and his parents for all of the support.

- Police Officer Caleb McGlassion

Mayor Marter administered the Oath of Office to Officer Caleb McGlassion. Officer McGlassion thanked his wife, the Command Staff for the opportunity, Mayor and Council for approving his hire and the rest of the department for their support.

Chief Boldizar thanked Mayor and Council for approving the new hires. He welcomed Caleb and Sean to the department and expressed his hope is that they spend the rest of their Law Enforcement careers with the Florence Township Police Department.

FIFTEEN (15) MINUTES OF PUBLIC COMMENT

Council President Baldorossi opened the meeting to the public. Seeing no one wishing to be heard, a Motion was made by Haas, seconded by Fratinardo to close the public comment portion. Voice Vote – All Ayes.

Florence Township Council Executive Session 3/13/24

BUSINESS

A. 2024 Budget Workshop

Administrator Sahol explained that Council was provided with the budget book earlier in the week and updates had been made since. He went over the budget overview and asked Council to look over the budget and have a conversation amongst themselves and take time to ask questions of staff and the professionals present, Todd Saler and Amy Neimeister from Bowman & Company.

He explained that this year we are looking at an increase in the local purpose tax rate by \$0.06. He stated that the local purpose tax rate is the only one we have control over and it has been stable for a number of years despite costs going up. There have been two small increases over the past few years but those increases have been insignificant when it comes to the increase in the cost of services and the expansion that we have seen in the community. And there has been a heavy utilization of the surplus which has been presented in the budget overview provided to Council in the budget book. Some of the information described includes how much the surplus has been reduced, and some of the difficulties that we have experienced and the factors that could impact the surplus.

As far as revenues are concerned you can only anticipate the number of revenues that you have seen in prior years equal to that amount. We wish that we could receive more but he explained that there is nothing out there that we are aware of that is coming down the pike. He explained that the township is in a difficult position this year. He asked Council to take a look at the current fund and explained that there are some things that you can not remove, they are statutory increases that are required and there are some things that the budget must include as far as contractual with staff. In an effort to control the growth, there won't be an Administrative Secretary to replace that position, no assistant in the Public Works Department to replace that position after having promoted within, there is no single person in charge of the utility as those duties were split and assigned to two others, and normally, when we anticipate a retirement, in a subsequent year we look to do something to fill that position in the prior year in the Police Department. There is a retirement anticipated in 2025 and we made the decision not to fill that position this year and put the funds in the budget and the Police Department will hopefully be able to pick someone up who is already trained instead of having to put someone through the academy. These are just some of the things that have been done in order to contain the amount of the increases that we are seeing in the budget.

Administrator Sahol asked Council for any questions or concerns that they may have. There are many wants and needs in the departments but it has been trimmed down now to just needs so that we can maintain the level of service and the commitment to our public to provide those services with the number of staff that is necessary. It was not an easy thing to do when you look at departments and you know they want to do more to provide additional services to the community, they dug deep, they were willing to make some cuts and did some efficiency building as far as the way we are going to do business.

He explained with the utility fund they did not fill the position of superintendent and added those duties to others within the department. The replacement of the lead tails that they had discussed in the past will eventually be required around 2031-2032, we are not in a position right now to take on those lead tails and start expending a lot of funding to do that work so we are pulling that program back a little bit. We will be looking at that in the future as far as potentially putting that obligation back where it should be and that is on the owner of the lead tail themselves. Right now the Township should not be taking on people's private infrastructure unless the State of New Jersey mandates it.

Florence Township Council Executive Session 3/13/24

Council Representative Loftin asked for an average increase per household. Administrator Sahol stated that would be an increase of about \$137 per year which is under \$12 per month for the average assessed household of \$222,369. The tax rate is going to go from 4.66 to 5.26.

Council Representative Loftin asked if this is because we have not had a tax increase since 2012. Administrator Sahol explained that there are a few factors, costs go up and in order to keep pace with the costs you have to try and increase a certain amount each year. One of the difficulties this year is the fund balance has been drawn upon pretty heavily in the past. The fund balance leaving 2023 is \$1,062,000 and this year we will be using \$900,000. In prior years the amount of fund balance utilized was almost \$1.9 Million. Rather than going to the taxpayers and increasing either slowly over the years or potentially lump sum, the fund balance was available and was utilized pretty heavily.

Council Representative Frappolli stated that it has been said that we expended about 85% of our fund balance and asked if that is generally a high percentage. Administrator Sahol stated that his personal opinion is that it is a high number. There was a sense of slow down in the replenishment over the last few years and more utilization. Mayor Marter mentioned that in the bond principle there was an omission or an error at some point where it wasn't accounted for and we had to transfer monies into that account in order to cover that. Administrator Sahol stated that in 2023 the budget preparation did not include at least \$275,000 in bond principle that should have been budgeted for. The Township Auditor explained that at the time the \$275,000 payment was made a transfer was made to cover that to make up for the omission. But you have to make up for that in 2024 because it was missed in the previous year.

Council Representative Frappolli asked if we didn't pay the bond when we had to transfer because we had to pay it eventually. The auditor stated that it was paid but that amount was not budgeted in the proper line item and come December a transfer had to be made from another line item for some other purpose to come in to debt service to cover it. So upon the original adoption of the budget, it omitted that \$275,000 that had to be paid during 2023. Administrator Sahol stated that potentially if the \$275,000 was in there that probably would have equated to about a \$0.02 increase last year to cover that or you would have cut something else to make up that difference. The auditor explained that had you not known about it or chose not to transfer you have to pay the bond payment so it would be considered an over expenditure which becomes a deferred charge which means if that transfer hadn't happened in December, you would have had to raise that \$275,000 in the 2024 budget which would have made 2024 worse.

Council discussed revenues that come in from the PILOT programs. We anticipate between \$2.6-2.8 million is brought in as one of the revenue streams. That stops you from having to raise \$2.6-2.8 million through taxation, those are paid directly by the businesses. If that money was not there, it would have had to have been made up for years since these PILOTs have existed. Either that or you would have contained your expenses, there is a balancing act on that.

Council Representative Loftin asked if there is anything else that we can consider cutting to make up the deficit. Administrator Sahol explained that the only options available would be to remove services like recreation, and if you do that entirely you are not even near \$0.01. Another option would be a substantial elimination of staff. He feels that we are too far into the budget to make any cuts at this point. In years past, there weren't budget workshop meetings, the budget books were presented and Council could meet with the Administrator if there were any questions and then they would come back in and have an introduction of the budget and 28 days later it was voted on. Normally this would all be happening sooner but the administration changed at the end of the year and there was no full time administrator that was working within the budget with the departments at the end of the year. Council Representative Fratinardo stated that he feels that in the future there should be budget hearings early on, where they meet with the department heads and go over everything line by line.

Florence Township Council Executive Session 3/13/24

Administrator Sahol explained that by November each department is being asked to develop their budgets so sometime at the end of the November, December timeframe we have a general idea of what the department budgets are. Council Representative Frappolli asked about 2025. Administrator Sahol stated that it is too early to give an estimate of what an increase might look like. It is all predicated on whether or not we see any increase in revenues that we can anticipate. The 2023 unexpended funds become available to you to use in the 2025 budget. Once that is audited, and we will see if anything is better, he asked the auditors at what point do they think we would know the hard number or do we pretty much have it now as the unaudited number for 2023? The auditor stated that it would take projections as to where the revenues are going to land and what that looks like and, come the fall, in 2024 you should have a pretty good idea where they may fall.

Council Representative Frappolli asked if we are anticipating an increase? Administrator Sahol explained that you can only anticipate what you received in the prior year. There are some areas that are fixed, they are not going to increase year to year. Administrator Sahol explained that he does not know what information was available to staff and the governing body in the decision making process that was followed last year he has only what he can look back at and try to figure out by piecing things together, he was not part of that process and neither was the majority of the governing body.

Mayor Marter explained that taxes were not raised for 6+ years and in 2022 they were raised \$0.02 and in 2023 when we were in this situation, we had an increase of $\frac{3}{4}$ of a penny. She doesn't understand why we weren't looking at a little bit every year so people could manage their own home budgets. Administrator Sahol suggested that Council not take on any new projects that aren't either grant funded or are not absolutely necessary. He stated that this year, in capital improvements there is only \$50,000 placed in there, that is the one that ran short last year. \$50,000 will get you a million worth of spending, so if you had to do a million worth of project you would be able to do that. It would be something that you decided that you must do and you need to be able to make that payment.

Mayor Marter explained that there was no water rate increases in 12-13 years and then Ready Pac started to drop off in 2022 and in 2023 we found out that they were leaving in January and there was time to have put something in the budget last year to fix it or at least help to bring some more revenues in because we would have had a whole year worth of additional revenues and that wasn't done. Finally when a rate study was done in October, it was not presented to Council. So now we are in a situation of not being self-liquidating. What that means is that normally the utility can bond at 100% which means if we have to build a PFAS plant for instance, we can bond that at 100%. If we are not self-liquidating, the banks look at us and we are a risk so now we have to come up with 5%. Say if we end up having to put a \$35 million project in like PFAS, etc., we are looking at having to come up with \$1,750,000 out of pocket just to bond that project. We had to correct that problem which led us to the 41% increase. We are part of a big class action suit against 3M and Dupont and we are getting some monies to help with the PFAS plant from that lawsuit but we don't know how much.

She stated that she is going to reach out to Rocky Hill New Jersey because they got a \$1 Million grant from the EPA for PFAS and she wants to see how they went about it and see if there is anything available for us. We are looking at the possibility of adding cannabis ordinances to generate additional revenue and that should also help. We were spending a lot of money last year that wasn't budgeted for and then at the end of the year we had to pull from all of these other accounts in order to cover it.

Florence Township Council Executive Session 3/13/24

Council Representative Loftin asked if this affects our credit rating and Administrator Sahol stated that they can look at the amount that you are utilizing in your surplus and it could at least give them pause. He said that just the simple fact that you are recognizing the need to keep up pace and that you are raising the rate will probably give them a little more comfort. He believes there was a note with S&P in prior years that they were almost shocked that the town had been flat even though costs had been going up. For them to actually make that statement it is almost like calling in to question good governance to stay so flat.

Council Representative Frappolli asked if the PILOTs go up automatically each year? And will they continue to go up at a higher percentage? Administrator Sahol explained that they do step up incrementally and we can project that out but because they are fixed and contractual then they can be anticipated not based on prior revenues. As long as we know we have a schedule built in and they will continue to go up, they are analyzed and put in as one of your revenues. If you want to know what it will look like in five years, we can do that. What we don't know between 0-5 years is what your budget is going to do.

Mayor Marter asked about the affordable housing projects that we are in the midst of and if they are on PILOTS as well or are they just tax exempt? Project Freedom is a nonprofit and has a very small amount to pay. But the Weiss project is not going to be built any time soon to bring in any revenues. Administrator Sahol stated that the best thing you would get is if they break ground and divert it you would see a rollback but they wouldn't be on the books until you issue the TCO.

Council Representative Haas asked how much surplus we have? Administrator Sahol explained that at the end of 2024 there will be about \$162,000 going into next year, whereas in the past we have had upwards of \$2 Million. We were paying bills with our surplus and not replenishing it. Council Representative Haas also asked for a breakdown of the transfers and what was transferred into which accounts from last year? Administrator Sahol stated that he will email that out to Council.

Township CFO Chiemiego explained that the Annual Financial Statement (AFS) was completed by our auditor at the time and they recorded a date wrong in the BANS. With BANS they roll over and you usually only pay the interest each year. By the third year though, if you are still rolling over, you have to start making principal payments. We take what our debt is from the AFS and we were going off of the incorrect date which caused us to have to make a principal payment on a BAN which was not budgeted for.

Council Representative Frappolli asked for clarification for the public, if we take that number and cut it in half hypothetically to \$0.03 instead of the \$0.06, what does that do? Administrator Sahol explained that it would take about \$400,000 worth of expenses that would have to come out of the budget which would equate to termination of several employees. If it takes 3 months, you will have already paid half of the salary, so if you were going to take 5 employees out to make it happen, you have to remove 10 for this year.

Mayor Marter asked where else we can add revenue? The Administrator stated the we can start to charge for services. There is no cost to participate in recreation at this time. That is something we used to charge \$25-30 per child per sport. He is not suggesting it but he is explaining that it could be a remedy. But you are talking about portions of a penny. He explained that if you cut the entire recreation department, it is \$97,000 which is roughly $\frac{3}{4}$ of a penny, a penny being \$134,000.

Florence Township Council Executive Session 3/13/24

He explained that the Patriotic celebration has been preserved because it has been taken out of the budget and put into a trust fund, which is a contribution fund. That will allow us to continue with the Patriotic celebration. We will be taking donations back into the trust fund to maintain it year after year so that we are not budgeting for that and taxpayers will not be paying for those events.

Administrator Sahol stated that we have been living and breathing this for quite a while and we will continue and asked Council to share any suggestions or creative ideas between now and the next meeting. Next Wednesday will be the introduction of the budget and then 28 days for public hearing and adoption which will be April 17th.

ACTION

Resolutions

- A. Approve Request from Florence Township Fire Department for Use of Wilkie Park on March 23, 2024 (Rain Date March 30, 2024) at 10:00 a.m. for the Annual Easter Egg Hunt.

Motion of Frappolli, seconded by Fratinardo to approve the resolution.

Upon roll call, Council voted as follows:

- YEAS: Frappolli, Fratinardo, Haas, Loftin, Baldorossi
 - NOES: None
 - ABSENT: None
- Unanimous vote – Motion carried

PUBLIC COMMENTS

Council President Baldorossi opened the meeting to the public at this time on a Motion by Haas, seconded by Loftin.

Kathleen Sutphin, 300 Station Road, asked for clarification as to why we are in the position we are in with the budget. She stated that she doesn't understand how this happens, not only are we going to be faced with a water and sewer increase but now the tax increase as well and it seems that 2025 will be an additional increase. She asked if there is any way to hold anyone accountable? Mayor Marter confirmed that there were monies that were spent that were not budgeted for so they have to pull money out of surplus to cover those expenses which depleted the surplus and now we are in this situation. And this is something that even Council is hearing for the first time.

Donna Tolifero, 107 Ridgway Drive, asked when residents were going to be notified so that they can prepare to pay this bill? And she asked for clarification on the \$0.06 increase and how much that equates to monthly? Administrator Sahol stated that the average assessed home in Florence Township is \$222,000, and the taxes will increase by \$137 per year which is just under \$12 a month.

Administrator Sahol explained that estimated tax bills will be going out, which will allow people to still pay in the same timeframe as opposed to having wait until September and having back to back bills. It is a little bit of a cost to the town but it adds stability in the way of the budget and it definitely adds stability in the way we receive our revenue stream.

Florence Township Council Executive Session 3/13/24

Seeing no one else wishing to be heard, a Motion was made by Haas, seconded by Frappolli to close the public comment portion. Voice Vote – All Ayes.

Upon roll call, Council voted as follows:

- YEAS: Frappolli, Fratinardo, Haas, Loftin, Baldorossi
 - NOES: None
 - ABSENT: None
- Unanimous vote – Motion carried

ADJOURNMENT

Motion of Fratinardo seconded by Loftin to Adjourn. Voice Vote – All Ayes. Meeting adjourned at 8:26 p.m.

Respectfully submitted,

Nancy L. Erlston, RMC
Township Clerk
/js