

Florence Township Council Regular Session 9/11/19

Florence, New Jersey
September 11, 2019

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

The meeting was called to order by Council President Sandusky at 8:00 pm followed by the salute to the flag. There was a brief moment of silence in remembrance of the attacks on September 11, 2001.

The opening statement was read by the Township Clerk: This meeting is being held in accordance with the provisions of the Open Public Meetings Act. Adequate notice was posted on the municipal bulletin board on January 3, 2019; published in the Burlington County Times on January 6, 2019; placed on the Township website, and given to the Trenton Times for information on January 3, 2019.

ROLL CALL OF MEMBERS

Upon roll call the following were found to be present:

Present: Frank Baldorossi, Ted Lovenduski, Paul Ostrander, Jerry Sandusky, Dave Woolston

Absent: None

Also Present: Mayor Craig H. Wilkie; Richard A. Brook, Township Administrator; Thomas A. Sahol, Assistant Township Administrator; Kelly Grant, Township Solicitor; Nancy L. Erlston, Township Clerk

FIFTEEN (15) MINUTES OF PUBLIC COMMENT

Seeing no one wishing to be heard, motion of Ostrander, seconded by Woolston to close the public comment portion of the meeting. Voice vote – all ayes. Unanimous approval. Motion carried.

BUSINESS

Burlington County Municipal Park Development Program

Regarding the field hockey program, the Mayor stated that over the course of a few years the numbers of registrations have doubled and they are now having an issue with storage. They are at the furthest end of the Veteran's complex. The two buildings they are utilizing for storage now were donated from the Roebling Museum because they were no longer of use to them. We are looking at a building similar to the one at Marter Park; a block building. It would have sewer and eventually have bathroom facilities and even a concession stand. Right now, they are hosting more home games and there is potential for even more activity, not just field hockey.

The park committee for the Roebling Park has made some progress in planning the improvements to the park. Trees have been planted and in the next week or two the parking lots along Riverside Avenue will be paved to add additional parking. The first major change planned is to create a fishing pier in the area where the water processing plant used to be. The second priority would be to add path lighting and a gazebo past the Tenth Avenue area, right at the bend in the river, as not to block anyone's view.

Mayor Wilkie spoke about the trail connections between Broad and Sixth Streets to Veteran's Park. With Council's permission we would like to move forward with submitting our application to the county park program. This year they have an aggressive schedule and the deadline to get them in is October 1st. They

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will award by the end of October so we would have notice pretty quickly and we could plan for implementations this winter or next spring.

Councilman Lovenduski asked what the cost of a restroom would be. Assistant Administrator Sahol said that the goal would be to construct the building just like the one at Marter Park so that it could be partitioned in the future. The groundwork could be laid so that a bathroom could easily be added at a future date. No cost has been established for the bathroom at this time.

Council President Sandusky said he believes that there should be some type of restroom at the Roebing Park as well. He asked about nicer portable restrooms, with sinks, etc. He thought maybe something along those lines would be adequate for field hockey. Assistant Administrator Sahol said they could look at a temporary facility, but there is a sanitary line on that end of the public works building already which would just mean a small pump station is needed. It would be an easy project and a quick turnaround to create the bathroom facility rather than something less permanent.

Assistant Administrator Sahol stated that if everyone agreed to move forward, we could do a resolution next week outlining these priorities which authorize submittal of the application to the county for the park grant in 2019. Council agreed to move forward.

Debt Service Financing – Water and Sewer and Open Space

Administrator Richard Brook explained the Debt Service. When you go to permanent finance, the township will go out and do a bond ordinance. From that bond ordinance, eventually the municipality will go out and borrow money. From the point you borrow money, you then have to pay it back with interest. When you reach a point in time you have to begin making principle payments. The interest rates have been so favorable on the bond market and we have a certain amount of debt in the Water & Sewer Fund, the Open Space Trust Fund; as well as the general improvement or capital projects that are related to the tax rate.

There are two items in front of Council this evening, the first is related to the Open Space Trust Fund. The first sheet is a breakdown from the CFO that tells you the current status of the fund. Each year the CFO tracks how the town collects funds for the Open Space Trust Fund. The township did an ordinance back in 2008 to dedicate \$0.01 of the tax rate as a set aside every year for open space acquisitions. There was a referendum vote on this and the public voted yes to approve the open space tax. The only purpose that the money can be used for is to acquire property. The township brings in approximately \$125,000-126,000 per year. If you look at the current balance in the account, it is about \$371,000. With all of the acquisitions that have been done for open space property, the CFO will take a certain amount each year and pay it towards principle and toward interest. We have reached a point now where it is a good time with the bond market to go out and take a look at the scenarios for doing permanent financing on the open space debt.

Council has two scenarios before them. We have been meeting with Phoenix Advisors and when you look at the open space you see scenario 2 and scenario 1. Essentially that is taking the open space debt that Florence Township has and going out and doing permanent financing. A financial advisor makes a certain assumption on what he believes the rate will be and he is very conservative. For example, he anticipates a borrowing rate of 2.875. With the way the bond markets are going now, the rate is actually lower. The only difference between the two scenarios is scenario 1 takes you out to the year 2040 and scenario 2 takes you out to the year 2037. There is no real reason to go out to the year 2040. The whole goal was to go out to do permanent financing and to try and keep the overall principle and interest payments through the schedule in the area of \$125,000 so that therefore, for the most part it would be a wash and have very little impact, if any, on the tax rate.

Scenario 2 is actually what we would recommend. Keep in mind though, the Clerk will probably put in to her tickler file, sometime when you reach the year 2027 or 2028 a decision will have to be made on whether

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or not to go out for another referendum for a penny on the rate or maybe 2 cents on the rate. When you do the referendum, it's good for 20 years. It took effect July 1, 2019, we are about 10 years into it, and it has been very successful. You have preserved several properties within the community and you have done a very good job of balancing out the amount of debt versus the money that comes in with the penny. You are really not incurring any significant debt at all other than what you are collecting in a revenue stream. So that would be the first component of going out on a debt service.

The second component has to deal with the water and sewer fund. Over the past several years, we have been working towards making significant capital improvements. We have been very progressive in staying ahead of the curve. The whole goal over the past several years was to continue to make improvements to the infrastructure but to set the township up so we could go out for permanent financing on a lot of the work that it is doing now. We have a little over \$6.4 to 6.5 million in outstanding bonds. Now is an excellent time for the utility to go out and put that into permanent financing. Council is provided with a chart showing approximately what the debt service would be. You figure you are in 6.4-6.5 million to go out and borrow permanently with a permanent debt service schedule, just like a mortgage to equate it to that. In the year 2018 we had a debt service that was around 1.5 million and we have dropped off to about \$471,000 and now you begin to get into the year 2020. If we go with this schedule, we will go back up to around \$900,000 and then it begins to drop down every year, \$806,000, \$799,000 and it continues to drop down and go lower. The goal was to make sure that when we went out for permanent financing the utility, it would not have a negative impact on the water and sewer rates. As you all know the water and sewer rates have not increased in any significant manner for a very long time. This is an ideal opportunity to go out and do the permanent financing for the \$6.4 or 6.5 million. As you know we are in the process now of doing two very large ordinances which you do not have to go to permanent financing on now, that would be sometime in the future. The first one has to deal with the water plant which is Phase 2 of the expansion which will leave you in very good shape. And Phase 3 would have to do with whether or not we would install another public well around Sixth and Summer Streets. But all of the work going on at the water plant is significant in scope and will leave the township in a very good situation for years to come.

The other aspect of the debt service that we are working to incur now is a sizeable project at the sewer plant which involves what is called a screw press. It is a change in technology, it is much more efficient, does not require much manpower to operate and, ultimately in the end, it helps us to continue to meet the DEP permits but meet them in a more efficient manner. Once those two projects are out of the way, the township can begin to look at another phase at the plant which deals with the head works, which is where all of the wastewater comes into the plant. That will be a complete overhaul of that particular phase and, again, the goal is to make sure we can continue to meet our permit requirements and yet leave room for expansion for development in the community that you think is positive for the township. So, essentially what we would do now is go out for permanent financing. Tom Hastie, the bond counsel, will prepare a resolution for next week on the water and sewer and open space financing. And on the water and sewer, we were at \$1.5 million, we are going to drop down now but we are not going to be at the 1.5 million dollar level so that helps us to ensure that we do not have to have any noticeable increase or adjustment to the water and sewer rates in town. Probably 4 or 5 years down the road depending on what's happening in the market, it would be wise to go out and investigate that again in the utility. Now as you know, when we purchase equipment in the utility, we try to do so by cash so you do not incur any debt service. And we will be trying to do the same thing again next year. But you have put yourself into a very favorable position to go out into the market and get some good bond rates, I believe the township will get an excellent rating from Moody's and Standard and Poor's so I think it will be attractive bonds for anyone who wants to bid on it.

The last piece would be of the general improvement bonds. We are looking at the general improvement bonds very closely, analyzing various scenarios. We may take a percentage of that debt and come back and recommend that next year you would go out and do maybe 30% or 40% and then look ahead over the next year or two to do the balance. But the whole key is to try and make sure you can phase in with minimal

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impact, if at all possible, on the tax rate. That is a little bit more in depth analysis discussion for us to go over and it is one of the reasons why, although the municipal building needs to be expanded, we are only looking at doing architectural design work now. You also have to look at a 2020 road program, a 2021 road program and other capital improvements in the community that you want to undertake. We wanted to be cautious that the township was not overburdened with too much debt too quickly where you had to go out to do permanent financing. If that makes sense to Council, we will go forward next week with a resolution on the water and sewer permanent financing, the open space trust financing and we will continue to do an analysis of the general improvement bonds and come back to you with a future date with a recommendation on how to proceed with that.

Mayor's Wellness Program

The Mayor talked about some of the activities that have been discussed, some that are happening and some that are being planned. He said the League of Municipalities has the Mayor's Wellness Campaign. Marty is going to look into this, work with the Recreation Committee and maybe one of the incentives would be to hand reflective vests/pinny's out to the public, as Council President Sandusky had inquired about, when walking, running or biking for safety.

Along the river they have started excavating/laying out the land where the Delaware River Heritage Trail is going to be. There are a lot of different things we have going on that can tie very well into this. There is no action to be taken tonight, it is just for information purposes.

Administrator Brook talked about the concept for the Roebing Park under the Wellness Program. Starting next year, we are going to work on pricing or maybe doing it in phases. It gives an idea of the concept, the paths and how this recreational equipment can be used, not only by adults but also by children or someone who may have a physical disability. It is a concept the Mayor wanted us to work on for next year to bring to you in 2020 with some ideas.

PUBLIC COMMENT

Seeing no one wishing to be heard, motion of Lovenduski, seconded by Ostrander to close the public comment portion. Voice vote – all ayes. Unanimous approval. Motion carried.

Administrator Brook spoke about the RFP's for architects to expand the municipal building. After going through the process, we recommended we would go forward with Garrison. He said he is going to call Mr. Garrison and let him know that we would like to work with him on a design, come in, work it through, cost it out, we are not ready at this point and time until the township understands where it is going with these general improvement bonds but it would be a good idea to lay the groundwork on what an expansion would look like and cost it out. He will speak to him and if he is ok with that, we will do a resolution on the 18th authorizing just that work. You may recall we did a bond ordinance a year and a half ago that authorized the township to pay for some of those engineering related costs, design costs, and tell him we're just taking it in a progression. But we're ready to do that now, we're not ready to do a significant bond ordinance until we know where the debt service is heading but this will be a very good first step.

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Council President Jerry Sandusky announced that Council would be going into a Closed Session immediately following the Regular Meeting

ADJOURNMENT

Motion of Lovenduski, seconded by Woolston to approve Resolution 2019-164 to adjourn to Closed Session at 8:27pm.

Upon roll call, Council voted as follows:

YEAS: Baldorossi, Lovenduski, Ostrander, Sandusky, Woolston

NOES: None

ABSENT: None Unanimous vote – Motion carried

Council returned to the Regular meeting at 9:00pm. No action was taken. Motion of Ostrander, seconded by Lovenduski adjourn. Voice vote – all ayes. Meeting adjourned at 9:00pm.

Respectfully submitted,

Nancy L. Erlston, RMC
Township Clerk
/jns