

**Pennington Borough Council
Special Meeting – February 28, 2023**

Mayor Davy called the Special Meeting of the Borough Council to order at 7:00 pm. The meeting was held via Zoom. Borough Clerk Betty Sterling called the roll with Council Members Angarone, Chandler, Gnatt Marciante, Stern and Valenza in attendance.

Also present were Borough Administrator Donato Nieman, Chief Financial Officer, Sandy Webb, Public Works Superintendent Rick Smith, Chief Doug Pinelli and Borough Attorney Walter Bliss.

Mayor Davy announced that notice of this meeting has been given to the Hopewell Valley News, Trenton Times and was posted on the door at Borough Hall and on the Borough web-site according to the regulations of the Open Public Meetings Act.

Open to the Public

Mayor Davy read the following statement.

The meeting is now open to the public for comments. In an effort to provide everyone interested an opportunity to address his or her comments to the Governing Body, a public comment time limit has been instituted for each speaker. **Please raise your hand and when the Borough Clerk acknowledges you state your name and address for the record. Please limit comments to the Governing Body to a maximum of 2 minutes.**

There were no comments from the public.

COUNCIL DISCUSSION

Mayor Davy stated that this meeting is being held to present the proposed budget to Council prior to introduction at the March 6th meeting. Mayor Davy introduced Borough Administrator Donato Nieman to begin the presentation. Mr. Neiman began by thanking Betty Sterling and Sandy Webb for their hard work, including a couple of weekends, in putting this budget together in a good position for 2023, but also because this is a planning document it also puts the Borough in a better position for 2024. Mr. Neiman stated that the first draft of the budget proposed using \$600,000 in surplus and he, Betty and Sandy agreed that there was no way that the Borough would be able to regenerate that amount of surplus in 2024 which would lead to some very serious cuts in 2024.

Mr. Neiman reviewed anticipated revenues including the use of two one-time revenues that total \$100,000 and will not be available in 2024. Mr. Neiman stated that construction revenues are down from what was anticipated along with some of the other revenues. Mr. Neiman stated that there are not many opportunities for increases in revenues.

Mr. Neiman reviewed some of the appropriations that are driving the budget that the Borough has no control over including, Health Benefits, Pension costs, Salaries, fuel increases and the increase in Library allocation that is mandated by the State. Mr. Neiman stated that of the \$4.4 million budget, over \$1.7 million are non-discretionary expenditures that the Borough has no control over. Mr. Neiman stated that the budget does include funds for the Borough to appoint a Qualified Purchasing Agent which will ultimately save the Borough money and give more flexibility in purchasing with a higher quote and bid threshold for 2023.

Mr. Neiman stated that the budget anticipates \$100,000 in Utility Surplus to help offset a more significant tax increase or serious cuts to the budget and will preserve a little more surplus in the general fund.

Mr. Neiman stated that this budget proposes a 4 cent tax increase which for the average homeowner in Pennington for Municipal tax only results in \$194.99 per year. Mr. Neiman asked Chief Financial Officer Sandy Webb to add her comments to the presentation.

Mrs. Webb stated that Mr. Neiman touched on most of the points that were in the power point presentations that was distributed to Council Members in the packet. Mrs. Webb stated that she would briefly review the power point and then go into a little more detail from the spreadsheets that were distributed.

Mrs. Webb stated that budget is up about \$300,000 which represents about a 4 cent tax increase which is primarily salary increases, health benefits, pension costs, library allocation and some additional costs related to First Aid Services. Mrs. Webb stated that last year the Borough approved an emergency appropriation for fuel costs in the amount of \$20,000 and that is a one-time expense that is required to be raised in this year's budget. Mrs. Webb stated that the budget also reflects an increase to the fuel budget to offset the increase in fuel costs. Mrs. Webb briefly highlighted some of the bigger increases to the budget.

Mrs. Webb reviewed some of the revenues and highlighted revenues that are down from the prior year. Mrs. Webb stated that as Council knows, we are only allowed to anticipate up to what was collected in the

prior years for revenues. Mrs. Webb stated that we are using more surplus than last year but bringing in \$100,000 from the Water/Sewer Utility will help preserve some surplus in the General Fund.

Mrs. Webb explained that the budget does include appropriations for Deferred Charges to Future Taxation which gives the Borough the ability to pay for capital items as they are incurred without having to go out to the market to borrow funds. Mrs. Webb stated that this will also save us on Bond Sale Costs and interest.

Mrs. Webb stated that right now the budget is a 4 cent tax increase and for the average home assessed at about \$487,000 paying about \$195.00 on the Municipal rate only. Mrs. Webb stated that the Library allocation is up and we don't have the final numbers from the School and the County yet.

Mrs. Webb reported that the Water/Sewer budget is up about \$300,000 over last year's budget. Mrs. Webb stated that significant increases to the rates charged for water and sewer went into effect for half of last year and so the surplus is up in the utility and this is a good thing because for the past couple of years the Utility was not self-liquidating with is a direct hit to the Borough's ability to borrow money.

Mr. Neiman stated that we are looking into alternatives for health benefits and also additional shared services which will help reduce costs.

Mrs. Webb stated that she will review the budget appropriations next, but Council should keep in mind that under NJ Accounting Rules, the Borough cannot have a budget where revenues and appropriations do not equal so unless Council is prepared to make some serious swipes at departments there is not a lot of wiggle room in this budget.

Council Members discussed briefly some line items such as snow removal and whether cuts could be made. Mr. Neiman stated that one tax point equals \$50,000 and this budget does not have a lot of fat in it that can be cut. Mrs. Webb stated that cutting the budget any more limits the ability to do transfers at the end of the year for unanticipated expenses that come up throughout the year. Mrs. Webb stated that next year is the last year for two one-time revenues that will be a challenge for the 2024 budget.

Mrs. Stern expressed concerns that it seems that the taxes in Pennington do not allow for diversity. Mr. Neiman stated that given the level of services that are provided and the expectation of the residents of Pennington, there is not a lot that can be eliminated or put out for shared services.

Mr. Marciante asked about if the pay as you go philosophy for capital is fair to residents who move into Pennington. Mrs. Webb stated that the pay as you go is for smaller items such as capital items for police or public works and they are items that have a smaller expected life.

Council briefly discussed additional revenues that might be available such as a retail distribution license. Mr. Valenza asked if in 2024, the Borough budget will start out \$100,000 in the hole due to the loss of the one-time revenues for liquor license and bond premium. Mrs. Webb stated that is accurate unless we can come up with additional unanticipated revenues in 2023.

Mrs. Webb shared a spreadsheet detailing revenues and expenditures that make up the 2023 budget. Mrs. Webb stated that we are using quite a bit of surplus and we are maxing out all of the revenues which does not leave any room for regenerating surplus. Mrs. Webb stated that there are a couple of revenues that the Finance Committee discussed and that we are looking into, for instance, the Library Administrative Fee which has been \$4,000 for quite a few years. Mrs. Webb explained that this item reflects the time Betty spends on library related administrative costs including processing payroll, purchase orders and all payments for the library. Mrs. Webb stated that this fee has not been looked at for a number of years and will likely be increased for this year. Ms. Angarone asked how the analysis will be developed. Mrs. Sterling stated that she is working on a new analysis for the Finance Committee. Mrs. Sterling stated that the analysis will take into account the time spent on certain tasks and the analysis will be based on the actual data. Ms. Angarone asked what if the Library wants to do something else?. Mrs. Sterling stated that they can, but they are still bound by all of the regulations that the Borough is bound by and they would need to have software in place to process purchase orders and process payroll and other tasks that we are currently doing for the Library. Mrs. Sterling stated that Public Works also provides services for maintenance calls that are not accounted for at this time. Mrs. Sterling explained that the Borough currently mails the library flyer for the library and there is postage involved with that. Mrs. Sterling stated that all of these things will be part of the analysis.

Mrs. Webb continued on with the discussion of expenditures, particularly where there are significant increases to the budget. Mrs. Webb briefly discussion Uniform Construction Code which is not supposed to be used for tax relief. Mrs. Webb stated that currently the revenue anticipated is higher than the expenditures and so this is something that we should keep an eye on.

Mrs. Webb stated that when Betty sends out the department requests in the fall, she also includes the fee ordinances for each department to review. Mrs. Webb stated that we are looking at fees to see if there are any that can be increased. Mrs. Webb reviewed the remaining revenues that make up the budget.

Mrs. Webb stated that the Water/Sewer Utility is showing an increased surplus which can be attributed to the rate increase. Mrs. Webb stated that as she mentioned earlier, this year we will be using \$100,000 of surplus from the utility as a revenue in the general budget. Mrs. Webb stated that we have never done this before though it is permissible by law, but Council should keep in mind that along with the \$100,000 in one-time revenues that we will not have for next year’s general fund budget, we don’t want to make a practice of using utility surplus to balance the budget. Mrs. Webb stated that for this year, we are not recommending a rate increase for water/sewer.

Mrs. Webb briefly reviewed the budget appropriations for the general fund and for the water/sewer utility highlighting the increases and changes that are reflected in the budget and where there might be some savings in 2024.

Mrs. Webb briefly explained the Reserve for Uncollected Taxes stating that we know we don’t collect 100 percent of taxes, but the Borough still has to pay the County and School their share of the taxes collected so this line item takes some of the burden off until the delinquent taxes are collected.

Mrs. Webb gave an overview of the increase in appropriations in the water/sewer utility which are also explained by expenses that are beyond our control such as salaries, pension and insurance costs. Mrs. Webb explained that this year we are budgeting \$107,000 towards capital projects that we know are coming such as lead line replacement and other capital improvements related to water and sewer. Ms. Angarone asked if the funds allocated are related to projects in the Asset Management Plan and Mrs. Webb stated that they were. Ms. Angarone stated that she is adamantly opposed to using utility surplus to balance the budget going forward, and hopefully this is a one-time occurrence. Mrs. Webb stated that for this year with the 2% cap in place, the Borough had no choice but to do this.

Mr. Neiman stated that a lot of hard work was put in by Sandy and Betty to put this budget together. Mrs. Webb stated that in the next few weeks she and Betty will review the fees and hopefully have an ordinance ready to introduce at the April meeting.

Mayor Davy stated that the plan is to introduce this budget at the March 6th meeting with Public Hearing and Adoption scheduled for April 3rd. Mrs. Webb stated that we are under State examination this year so we need to get this budget submitted for review so that we can be ready for adoption in April. Mrs. Webb stated that she does not see anything in the budget that would be a problem, we are under the cap and we are not asking for any special considerations.

Mayor Davy thanked Sandy, Betty, Donato and Mona along with Kit Chandler as Chair of the Finance Committee for their hard work in putting this budget together.

NEW BUSINESS

Mayor Davy provided a brief overview of Resolution 2023-2.18. Mayor Davy stated that this will ensure that Pennington Borough residents have coverage effective March 1, 2023. Mayor Davy stated that discussions are ongoing and evolving. Mayor Davy stated that going forward these are paid services and not volunteer meaning that residents will be billed if they call for an ambulance beginning on March 1, 2023.

**BOROUGH OF PENNINGTON
RESOLUTION 2023 – 2.18**

**RESOLUTION AUTHORIZING SHARED SERVICES AGREEMENT WITH HOPEWELL
TOWNSHIP FIRE DISTRICT FOR THE PROVISION OF BASIC
LIFE SUPPORT (BLS) EMERGENCY MEDICAL SERVICES TO PENNINGTON
FROM MARCH 1, 2023 THROUGH APRIL 3, 2024, RENEWABLE THEREAFTER.**

WHEREAS, the Pennington First Aid Squad, which has provided emergency BLS medical services to Pennington for almost 70 years, will terminate its operations effective March 1, 2023;

WHEREAS, Pennington seeks to continue the provision of emergency BLS services in Pennington through the Hopewell Township Fire District (“HTFD”;

WHEREAS, HTFD is providing emergency BLS services in the fire district, inclusive of Pennington, through career staff of HTFD, the Union Fire Company & Rescue Squad, Inc. (“Titusville”) and the Hopewell Borough Fire Company (“HBFC”);

WHEREAS, Pennington and HTFD now seek to enter into a shared services agreement by which HTFD will provide emergency BLS services to Pennington through an agreement between HTFD and Capital Health, Inc. (“Capital Health”), and further through the career staff of HTFD and in cooperation with Titusville and HBFC;

WHEREAS, a copy of the proposed shared services agreement between Pennington and HTFD is attached to this Resolution (“Shared Services Agreement”);

WHEREAS, in the agreement between Capital Health and HTFD, Capital Health is made the "designated contractor" for providing emergency medical services to Hopewell Township, Pennington Borough, and Hopewell Borough, for one year beginning April 3, 2023;

WHEREAS, during the interim period from March 1 through April 3, 2023, HTFD, in cooperation with Titusville and HBFC, shall be the primary provider of emergency BLS medical services to Pennington in addition to any mutual aid services HTFD may render during the balance of the contract year;

WHEREAS, the Shared Services Agreement will require Pennington to pay HTFD a fee of \$25,230., payable in equal installments on September 1, 2023 and April 3, 2024, representing Pennington's proportionate share of the \$200,000 fee HTFD will pay Capital Health for coverage of Hopewell Borough, Hopewell Township and Pennington Borough for the year, based on percentage of population;

WHEREAS, HTFD also seeks reimbursement of its out-of-pocket administrative expenses in connection with primary coverage it will provide Pennington during March and early April, 2023 and its back-up services thereafter;

WHEREAS, because these expenses are difficult to predict at this time, the Shared Services Agreement provides that an amount for this purpose shall not be included in the Agreement but at year end HTFD and Pennington shall negotiate in good faith to determine the appropriate reimbursement, which shall be subject to appropriation by Pennington in 2024;

WHEREAS, the Chief Financial Officer has certified that there are funds available in line item 3-01-42-112-000-250;

NOW, THEREFORE, BE IT RESOLVED, by the Borough Council of the Borough of Pennington, that the attached Shared Services Agreement is hereby approved, subject to review and approval as to form, by the Borough Attorney.

Record of Council Vote on Passage									
COUNCILMAN	AYE	NAY	N.V.	A.B.	COUNCILMAN	AYE	NAY	N.V.	A.B.
Angarone	S				Marciante	X			
Chandler	M				Stern	X			
Gnatt	X				Valenza	X			

Mr. Bliss asked for an addition to the language regarding the agreement which is still being developed so that the final agreement subject to approval as to form by the Borough Attorney. Council Member Chandler made a motion to approve Resolution 2023-2.18 as amended, second by Council Member Angarone with all members present voting in favor.

OPEN TO THE PUBLIC

The Meeting is now open to the public for comment. In an effort to provide everyone interested an opportunity to address his or her comments to the Governing Body, a public comment time limit has been instituted for each speaker. Please raise your hand and when the Borough Clerk acknowledges you state your name and address for the record. Please limit comments to the Governing Body to a maximum of 2 minutes.

There were no comments from the public.

AT, 8:26 PM, with no further business to address Council Member Chandler made a motion to adjourn the meeting, second by Council Member Stern with all members voting in favor.

Respectfully submitted,

Elizabeth Sterling
Borough Clerk