



**CITY OF LAMBERTVILLE
SPECIAL SESSION
7:00 P.M. THURSDAY, MAY 11, 2023
PHILLIP L. PITTORE JUSTICE CENTER
25 SOUTH UNION STREET
MEETING MINUTES**

STATEMENT OF COMPLIANCE WITH THE OPEN PUBLIC MEETINGS ACT

Mayor Nowick called the meeting to order at 7:00 p.m. He asked the City Clerk to read the statement of compliance with the Open Public Meetings Act into the record.

The City Clerk read the following statement into the record: This meeting is being held in compliance with the Open Public Meetings Act and has been noticed to the Trenton Times and the Hunterdon County Democrat on May 5, 2023, to the members on the listserv, to department heads, and to the City Attorney and City Engineer. The meeting agenda was posted on the city's bulletin board and on the city's website. The meeting agenda offers planned action items known at the time of publication and is subject to change. This meeting is being streamed live and recorded using the Zoom Meeting Platform.

ROLL CALL

Present: Councilwoman Kominsky, Councilwoman Lambert, Councilman Lide, Council President Stegman, and Mayor Nowick.

Also present: Michael Drulis – Budget Consultant, Christie Ehret – CMFO, Cynthia Ege – City Clerk, and Lindsay Hansche – Deputy Clerk.

PLEDGE OF ALLEGIANCE & MOMENT OF SILENCE

Mayor Nowick led the public in the Pledge of Allegiance and he asked the members of the public to continue standing for a moment of silence in honor of those serving in the United States Armed Forces in Country and Abroad.

PUBLIC PARTICIPATION

Mayor Nowick asked for public participation.

4 participants on Zoom.

Paul Stevens of Lambertville: Mr. Stevens thanked the Governing Body for the opportunity to ask questions on the budget. He reviewed the introduced budget and user friendly budget, and his comment is on the memo. The 2023 budget continues to meet future obligations and looming bills. The Facility Engineering Study came out with 3.5 million in repairs across the four buildings - of that over 52% needs to be completed immediately for health and safety conclusions, and nearly 40% needs to be completed within five years. I haven't seen a long term plan for how we are going to do this. In the current budget, there's a police vehicle for about \$105,000 in 2023 and then another vehicle in the next year for another hundred thousand. That means that 50% of the \$220K for repairs and improvements is going to the police car. Another item is the \$72K for EV charging stations. He wants to see a revenue model for the EV stations that shows how it is going to pay for itself. More importantly, this charging station will not lower any CO2 footprint of the City, it will only lower the footprint of those who charge there. So we're paying \$72,000 that could be put towards our building improvements – maybe even

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towards energy efficiency – and that would lower the City CO2 footprint and save money in the long run. Maybe we stretch out purchasing the new police vehicles and show fiscal responsibility. Why can't we stretch that out when we have more pressing needs? The 2022 watershed improvement appropriation in this current budget is \$500K, and it says it is supposed to be paid for by future taxes. It could be that we are expected to get money back, is there any tax or budget implication of that emergency appropriation? If you look at the accumulated leave, it's reported in hours - 8 hours day, 40 hours week - we are on the books for 8 officer years of salary, and 2.4 years of administrative salaries. In the budget there is \$38K allotted to this. 8 years is a lot of salary to build up over time. How much do we have in reserve for that? We budgeted \$30K last year and in the end was \$5K. The last thing is, it is stated that "the budget will build the fund balance" - how much is it going to build, since revenues and expenses are the same? Our credit rating was downgraded last year, and it was because of the fact that our fund balance was so low. Already interest rates went up. If rating goes lower it will increase our borrowing cost and create larger expenses in the future.

John Hencheck of Lambertville: Mr. Hencheck commented that with regard to the recording on the Zoom for the last meeting, he experienced an echo and it does not represent who he is. The Facilities Review needs to be reviewed. If we have a situation where someone does not take care of a building, it is vandalism. If it occurs in the Military, it is worse. It's called demolition by neglect. He said he was able to secure almost a million dollars in grant money. That million dollars is not reflected in not fixing the roof and beams in the ceiling at City Hall. We are on the state and national register with municipally owned properties, and properties on the national register, and properties in view of the national district, all of which is subject to review by the Governor appointed by the commissioner they have. Our future financially can take off some of the tax burden we have now and allow the tourists to pick up some of it and generate some of the money in the city. This headquarters (at Holcombe Park) I assure you is the most important of any of the locations in the American Revolution. I had a meeting with Mayor Keller at Bells Bar and we can bring in tourism. If we don't work together, we hang alone.

Jeff Tittel of Lambertville: Mr. Tittel expressed overall concern for the budget creep in this town. It keeps going up and up - look over the last several years, 2% in the levy, it seems that last year was a 12% increase, this year the same. The town has serious problems - flood issues, stormwater, buildings that need to be updated, and on top of that we still need to deal with how we are going to pay for, or what we are going to do with, the Closson property. Interest rates doubled in the last couple of years. You need to do your budget a couple years ahead of time. We do not have a lot of ratables. We need to save money or look within to see what kind of resources we can do. There may be programs and grants to get the EV chargers. The President putting up a lot of money, the DRBC and utilities themselves may have ways to save. You have to look at the big picture, and we are heading in the wrong direction. We need to find more grants. Murphy put money into last year's budget for affordable housing and we missed out on that. We need to look at where we gain resources. Cut spending or we will have to find other revenue sources.

Mayor Nowick asked for a motion to close the public participation session. Councilman Lide made the motion and Council President Stegman seconded the motion. An affirmative voice vote was taken in favor of the motion by all members present. MOTION CARRIED.

2023 Budget Discussion

Mayor Nowick acknowledged and thanked the team that worked on the budget: Michael Drulis, Sue Bacorn, Ryan Gerber and Christie Ehret. It's a lot of work, a lot of meetings, a lot of reviewing and going back over, and we have been at it since November.

CAP BANK: The Budget Consultant explained the CAP Bank Ordinance to the members of the public. He said we have two caps in the budget, levy and appropriations. The levy cap is what we are permitted to raise in the budget year over year. The levy cap is \$3,965,024 and the introduced budget comes in about \$23,000 below that cap. On the appropriations side, which is the spending side, the cap is \$4,388,636 and we came in under by about \$160. Each year we pass an ordinance to cover what is basically a cost of living increase on the caps, the numbers are anywhere from 2 to 3.5%. We will pass this ordinance to do that.

2023 BUDGET

Mayor Nowick acknowledged the public for their interest in the budget and he thanked Paul Stevens who found errors on the budget after it had been through the CFO, the auditors, and the State.

Mayor's Memo reviewed. The proposed budget is \$7,118,725, with a tax levy of \$3,941,841, excluding the Library levy. The municipal tax rate will increase by 0.0355, an 8.5% increase over 2022. We are proud that this is the third year in the row of declining increases. For every \$100,000 of assessment, there is an 8.82 cent increase per quarter. The increase of \$438,000 is due to: inflation, increases in the cost of state health benefits, Ida damage, pension obligations, and the debt service. Debt service is \$1.6 million, about 23% of the budget. It is a significant number that has a serious impact on the budget.

Some large shifts from last year: We lost funding from the American Rescue Fund Plan, which was almost \$200,000. We added \$30,000 to fund the removal of dead trees. We added \$240,000 to cover operations, \$125,000 increases to debt service, and \$117,000 increase from the State Health Benefits Program. The State Health Benefits Program will continue to drive increases every year, and is 24% this year. The plan itself doesn't have a lot of money left in it, and we are expecting double digit increases over the next several years. For six months the City, under leadership of the City Clerk, the PBA, and finance team, investigated shifting from the State Health Benefits Plan. There were many meetings and a lot of consideration for it. The reason it didn't work out was driven by the fact that if the City wanted to get back into the program, we would not be able to re-enroll in Pensions. But it's important to note that we were trying. We will continue to weigh options. A lot of municipalities are jumping ship from the State Health Benefits Program.

In the capital improvement line, we have \$629,000 in road improvements (grants coming in to offset cost), \$72,000 green energy (EV charging stations), \$30,000 in new technology, \$220,000

for critical repairs to City Hall and the Library, and \$10,000 for security cameras at the police station. There are incredible needs. It will be worth it to take another look at the Facilities Report. We need to do the work but we also need to be mindful about borrowing.

This year, the critical projects include the sidewalks around the City and the leaking roof at City Hall. The Mayor asked for supplemental appropriation from the state to bring the DPW yard into better condition and we're hoping that will come through. We submitted a grant application to Assemblywoman Jackson for 2024 Library Bond \$825,000. It was great to have the Musial Report to submit and identify critical items. We will know in June if we are awarded the grant. We are willing to wait to see if we can do that before we build out bond ordinances. It may be that the cost is too high. We will need to think about if we want to keep these buildings.

The Revenues are straightforward. There's \$111,000 in net increase in revenues. There is a strong economy in buildings, permit fees, licenses and post pandemic activity, hotel tax, and the increases will more than offset the loss of American Rescue Funds.

\$198,000 American Rescue Funds was used in the 2022 budget, we did our best to plan for this and build reserves without cutting into operations.

Mayor Nowick thanked Councilwoman Lambert for her questions and review of the budget. The anticipated revenues of \$284,000, includes a \$60,000 loss for the Library. When we say \$60,000, some of that money was moved over to the Library to pay and that includes workers compensation, EEO insurance and other insurances to about \$47,000 so the \$60,000 is closer to \$13,000. They picked up the cleaning, payroll, we did lose some expenses.

The \$256,000 in deferred charges, is an unfunded ordinance that was included by the Auditors, and it is on one side and out the other side.

There are a few things to note in Appropriations: Over the last year and half, the Mayor hopes the public has seen an increase in service and the expanded ability to serve the public efficiently. Priorities include: the hiring of a new administrator for the municipal court - our salary range is inadequate and not in line with other municipalities and the new annual salary will cost more. Mayor and Council line items are up 9.97% because of the addition of tree maintenance. Public Works salaries have risen to \$35,000, or \$16.82 per hour. I strongly feel that is important to do. Two employees earned commercial drivers' licenses, putting them in a slightly higher category, with an increase in the hourly rate to \$18.

The Fire Official received a raise from \$25 to \$28 per hour which is still well below her peers. We hired an Accounts Receivable Clerk at 12 hours per week at \$18 per hour. Councilwoman Lambert suggested that we outsource and look to hire a company to manage tax payments. The City Clerk explained the need for the 12 hours, and that the taxpayers like to come into City Hall to pay directly. The Clerk asked the Budget Consultant if he has ever heard of a company that processes tax payments. The Tax Consultant commented that the State of New Jersey is so particular on how we do this so there aren't a lot of companies. In his opinion, provided the person stays an hourly employee, it is an efficient expenditure.

The Mayor and Council will take their stipends. The Mayor intends to donate his salary. Accumulated leave is more than half a million dollars which is significant. The City adopted a resolution to implement the Dedication by Rider, specifically allocated for this.

Historic Preservation Secretary salary increased from \$1,200 to \$3,000. The New Tax Collector will be paid a salary of \$16,000, which is \$1,500 less than current.

There is a 2% salary increase across the board for City staff. Inflation is between 8 and 9% this year. It is important to note they are working just as hard, and working more for less. The Professional Development line has been increased to fund training for Public Works employees, 9 courses for Public Works Manager and two employees have received their CDL license. We are succession planning, and a number of employees are eligible for retirement. Investing in existing employees, building relationships, trust, professional development. Lindsay Hansche is going through Clerk classes and Sue Bacorn received \$1,000 to be used for tuition for the Tax Collector courses.

Debt service has increased significantly from last year. 2024 will be better, and in 2025 there is a significant drop off. There is the potential sale of two buildings at Closson property to further reduce debt.

Council comments.

Councilwoman Kominsky asked about the Administration line item other than the \$30,000 for Ash Trees. The Budget Consultant responded that the \$65,400 is for professional services for contracts; City wide technology, internet phones, office supplies, communications programs and services. The Budget Consultant explained that the \$30,000 for Accumulated Leave feels arbitrary, that was the last number to change to get to where we needed to go. Initially we allocated \$50,000 but had to decrease it. The number came from a spreadsheet prepared by the Officer in Charge of the Police Department and is a start for what we need to put away. The PBA contract is a good example, allowing for time accrued that cannot be taken, comp time, contractual obligations, etc. Clauses that allow you to be paid out, by having this line in the budget, it pulls money in so you can put it into the reserve so the reserve can accumulate and grow so you don't feel the impact for when the police force is ready to retire. The goal is every year to cover current year obligations. At the end of the year, it could be put into a trust to be used in future years. Mayor Nowick asked if the City could invest the funds in CDs. The Budget Consultant said that we could take cash and put it into 6 or 8 month CDs. Before 2007 that was a very common practice. It becomes an investment tool that could be helpful to the City.

Councilwoman Kominsky asked about the old debt versus new debt. The question is the new debt, the BANS (Bond Anticipation Notices), not just Ida, but buying the Closson farm too. This was not a revenue neutral purchase. What is the cost in the budget? Going forward, we are on the BAN for a while, but then we will eventually have to bond for the Closson Farm. We bonded in excess of the purchase for the Closson property and we have money sitting there. We are paying that which will convert into bonds. These are the costs you are looking at down the road, when do we turn from BANS to bonds? And will that give us relief? What does that look like?

Councilwoman Lambert commented that from her recollection, when we were deliberating the Closson property purchase, the Mayor at the time said even though our debt payments would decrease in 2025, purchasing that property would defer those decreases in debt until 2034. Does that seem right? The Budget Consultant responded, explaining that you don't want to take a million dollar loan, you take out notes instead. We borrow money as needed. You can take in a note for up to 3 years and you only pay interest. At the end of three years, you have to pay the principal. You take the notes and roll them into a bond, with fixed rates and fixed payments. Lambertville had a one-two punch from COVID and then Ida. In a smaller budget like ours, every dollar hurts more, in terms of borrowing, and it has more impact. He is glad we recovered from COVID. We are estimating 75% of that money we will get back, but it didn't come back in the same calendar year. Even if we pay it back today, the budget has to account for you not paying it back. It is reasonable to think we will have cash back. It's just the worst year to happen. You should see debt drop off in 2024 because the notes will be paid back. It's smart thinking to look at the notes and see what can be sold in the market. About the debt drop off being pushed back, there's some truth to that. 2025 is a good target to see the debt start to decrease.

Councilwoman Kominsky asked what is the non-recurring that we need to worry about next year? The Budget Consultant commented that the City moved away from the one offs. I don't see any budget line, looking through this, that is a one off. We have seen the largest one off with the American Rescue plan. In furtherance of that point, the Administration chose not to max out all of the revenues that could have been taken. If you miss the mark, that's a problem. We are in a cycle where the revenues will replenish. Mayor Nowick noted that we have a cannabis revenue line, with a conservative estimate of \$35,000 for revenue. One will open in a week or two and they are projecting a half million per month in revenue with a local tax rate of 2%, which is a conservative estimate.

Councilwoman Kominsky asked about the level of surplus. What does it mean to our bond rating? One thing the S&P Rating noted was the need for a rainy day fund. The Budget Consultant commented that the concept of surplus is a measurement of our savings. The first goal in every budget is to set a surplus number that you know you can replenish. This year we have \$250,000 in the budget. The rating houses have aggressively turned their focus to municipalities. New Jersey is very unique, we function on a cash basis. We have done 3 bond rating calls. No matter what story we told them, they go over the Annual Debt Statement and the Annual Financial Statement and they ask why we took more surplus in. As long as the rating house sees that we don't take in more than we took, it's a positive sign. Our hope/plan is to replenish a quarter of a million and that will exceed what we said and build our surplus. A benefit would have been to use cash reserves to do these projects instead of borrowing. He commended this community, it's another tough budget year of building reserves and funding operations without leaning heavy on savings.

Councilwoman Kominsky commented that she is still paying the tax increase from 3 years ago. She is trying to look at the budget, all of the numbers to try to feel good about what is happening. The Debt going down is great news, BANS are not great news. We learned a lot about transparency and what it really costs.

Councilman Lide commented to the Budget Consultant, before you were involved in this, were we not creating reserves? The Budget Consultant answered that when we did our first pass analysis, we were drawing down on reserves quicker than reserves were being replenished. And every year you do that it becomes an accumulated problem. How much money are we waiting for from FEMA and the USDA? The Green Acres money for the Closson Property, does that pay down debt? Mayor Nowick responded yes. If we do sell a portion of the Closson property, does that pay down debt? Mayor Nowick commented that his guess is yes. Council would commit to that.

Council President Stegman commented that hopefully a matching grant from the County to help pay it down.

Councilman Lide asked if the City considered a shared services agreement for municipal court, is that an option? Do we need a full time court? Mayor Nowick responded that we have one full and one part time employee at the court. We briefly talked about shared services and he is not opposed to looking into it.

Mayor Nowick commented that last year we moved the Construction Official from part time to full time. He holds a couple of titles including Zoning Officer, and it is combined with Frenchtown. For the part time position, he was receiving \$50,000, plus \$55,000 for Frenchtown. When we negotiated for the full time position, we added the role of Zoning Officer (\$1,000), Plumbing Subcode Official (\$25,000), plus \$55,000 for Frenchtown. Councilman Lide commented that East Amwell is looking for shared services for construction. The Budget Consultant commented that courts in general are loss-leaders across the state. In Lambertville the court generates significant parking revenue, \$168,500 for 2023, and the expense is \$130,000. We are considering a move to e-tickets for parking which will decrease the amount of time required for entering tickets.

Councilwoman Lambert thanked her two co-council members for asking my questions. She asked if \$250,000 is what we anticipate recouping from operational revenue. If we exceed that, do we put excess in as well? Do we have an opportunity to build surplus if we have a windfall in revenue? The Budget Consultant confirmed that it does. We are rebuilding a surplus that was down to pocket lint. Just over a million in surplus, on sheet 39. The Certified Municipal Finance Officer commented that we ended 2022 with \$1,118,417.47 in surplus.

Councilwoman Lambert asked about administrative operating expenses listed on sheet 12. The Budget Consultant commented that it includes contracts, internet, telephone. Councilwoman Lambert asked about the facilities repairs list, and whether some of the items should be done on a regular maintenance schedule. Do we have an opportunity for maintenance for our buildings, painting, etc? Mayor Nowick responded that he would say yes, but he spends a fair amount of time with the Department of Public Works and any given moment he can pull up a list of things that need to be done, it's a long list. It is challenging to expect 7 people to pick up all the trash, all the recycling, all the leaves, paint the lines, and countless other things. Could there be efficiencies? Not without increasing the staff. DPW mows all of the triangles on the state roads. Just one example, the to-do list included painting the words "slow" on Highland Avenue, it was

there for 6 months before they got to it. Cleaning out storm drains, all the maintenance, drains behind Ely Field - it all takes a lot of time.

Council President Stegman asked if the City would consider an alternative for garbage and recycling. Mayor Nowick said it was a conversation he would love to have. If we didn't have garbage and recycling weighing down the DPW, the town would be spit-shined. Council President Stegman commented that the information we got all those years ago wasn't warmly received and also the cost was a factor.

Councilwoman Lambert asked if there is anything else that could impact us if there is a problem? The Budget Consultant responded that when the markets respond to the panic and because we are in notes how that could impact our interest rate.

Councilwoman Lambert thanked Mr. Tittel for keeping us aware of the budget creep topic. We want to keep our eye on it.

Council President Stegman commented that he had an opportunity to review the budget with the Budget Consultant and he greatly appreciated it. Everyone has asked great questions. You know it's never easy to do what Council does every year, and, you know it is inevitably going to raise taxes. Some things are contractual like the police, health benefits plan. We are watching what's going on, and the approach is very balanced. He thanked John for talking about the 250th anniversary. Lambertville has a big tourist trade and almost 4,000 citizens that appreciate the past and the future.

Mayor Nowick thanked the Council. The budget is a heavy thing, it weighs on all of us, and he is mindful of it. We don't have a lot of discretion. For me the priority is people, mindful of how we live and changes in the economy affecting our people. He said he appreciates everything and all the work everyone has put in. Thank you to Councilwoman Lambert for calling me today, to Councilwoman Kominsky for her insightful questions. He said he appreciates this Council and it is a joint effort.

PUBLIC PARTICIPATION

Mayor Nowick asked for public participation.

Judy Gleason thanked the Council and she asked if the Council thinks there is anything they can do or if we are all here to say okay to the budget. I have seen budget nightmares. Seen furloughs and employees who didn't receive a raise because there isn't any money. She said she doesn't want to hurt any City employee, but there are people who are suffering in the City and not speaking. She knows what people are paying here and she is lucky she can pay it. She said she hopes we can make changes in the budget. She said she had a couple questions. Accumulated leave has been capped so you can't just get everything. Is it legally possible to look at that with real care and I hope we keep in mind the old debt new debt thing. If we do another budget with a big creeping increase, I think that will have negative investment in you all and in town. She said she didn't see anything about lead paint and she thinks that's a huge potential thing. Please don't say this is just the budget - you have to do something about it. Every little suggestion is worth

talking about. Councilman Lide responded that they are talking about little things, but the big thing is selling Closson property, that is where the real savings is going to be.

John Hencheck said he appreciated this evening. He remembers the times when the bread got larger than the meatballs because there wasn't enough money. We cannot avoid the fact that the application for any change at the Village Apartments must go before the historic council. We do it no favors in calling it the Closson property, it is the Holcombe Farm. Big picture view, we don't want to step over dollars to pick up dimes. These historic buildings at the Holcombe farm, City Hall, they're on the state register. We have to find ways to partner with or get someone to work with us to try and make it a destination area for people. Take a look at how many people work at City Hall. Have suggestions and free up money and adequately lock down the Holcombe Farm. He said he talked to a vendor who is a name brand and he was very interested and knew Holcombe Farm property. He said he was here when we didn't get tax increases, paying taxes you didn't pay before and now it's even. You get elected and I get stoned.

Paul Stevens asked about what non-recurring revenues – another one is the debt service reserve, spends that out. The Budget Consultant responded that the amount taken in this year is based on the premium we received, so we won't have the corresponding expense. Mr. Stevens asked if we encumbered parts of the Holcombe Farm that we can't monetize? Mayor Nowick responded that we have done nothing with the property. Council President Stegman commented that there is a section that is not in the Green Acres realm. If we take money, we can't do anything with it, but if we take money from various other sources, we can expand it. Mayor Nowick commented that the Governing Body passed a resolution and we will move forward with Green Acres preservation as delineated on the maps.

Jeff Tittel commented that it is confusing that there are two Holcombe Houses and he felt it was just easier to call it the Closson Farm. He also said the Closson property is not on the state register. About the Village Apartments, we have to be very careful in a town like Lambertville, thinking you can grow the ratables, and it is the biggest fallacy. Once you start building you have to pay for school, traffic lights, sewer, and with a limited budget. How much we can shave off the bond, tackle bigger challenges with flooding, and what will that cost? Thank you for your work tonight.

Michael Mensche commented that he was dismayed when he saw an 8.5% increase but more dismayed when I learned it's a five year average. We are harming our long-time residents, our fixed income folks, our renters. While this is happening, every year, the New Hope City Council President announces a 0% tax increase. Hunterdon County is proud of their budget because they are affordable. I don't know how 8% became our gold standard. He appreciates the machination required to balance the budget but he finds 8% reprehensible.

Mayor Nowick asked for a motion to close the public participation session. Councilwoman Lambert made the motion and Councilman Lide seconded the motion. An affirmative voice vote was taken in favor of the motion by all members present. MOTION CARRIED.

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Mayor Nowick responded to the questions and said the lead paint is addressed in landlord registration and the Construction Official has done extensive training and it is part of the registration process and the law applies to rental properties. He said he agrees with Mr. Tittel in terms of ratables, it's a balance – no one is interested in a mammoth building and I think this Council will keep us on balance. We have been awarded a resilience planner through a grant from DEP and by January of 2024 we will have a person to help us with Stormwater Management. We will be talking about it in months ahead. The Historical Society is interested in partnering with the City to register the Holcombe House on the National Registry.

ADJOURNMENT

The meeting adjourned at 9:10 p.m. with a motion made by Councilwoman Lambert and seconded by Council President Stegman. An affirmative voice vote was taken in favor of the motion by all members present. MOTION CARRIED.

Respectfully submitted,

Cynthia L. Ege
CMR, RMC, City Clerk