

FREEHOLD TOWNSHIP COMMITTEE MINUTES

REGULAR MEETING

April 28, 2020

At 7:45 p.m., the Township Committee met in Room 214 of the municipal building. Meeting started at 8:00p.m. Mayor Preston read the following statement:

“In accordance with the Open Public Meetings Law, (c. 231 P.L. 1975), this meeting was announced on January 6, 2020 by: 1.) posting a notice on the bulletin board in the Municipal Building reserved for that purpose, 2.) by mailing such notice to the offices of the official newspapers of the Township and 3.) by filing such notice with the Township Clerk”.

The Mayor noted that pursuant to the Federal and State recommendations for the holding of public meetings, the meeting was open to the public via telephone call in. The Township Committee and staff were practicing “social distancing” at the meeting.

All three of these numbers will join the conference:

646-741-5292
646-741-5293
973-854-6173

Meeting ID: 112 441 8893

In Attendance: Via - Phone Conference, (Committeeman Cook] Committeewoman Fasano), Committeeman Ammiano, Committeeman Walker, Mayor Preston

Absent: None

Also in attendance: Mr. Valesi, Township Administrator; Mr. Munoz, Esq. Township Attorney; Mrs. Abouzeina, Municipal Clerk

Moment of Silence and Pledge of Allegiance to the Flag

APPROVAL OF PREVIOUS MINUTES

Mr. Ammiano moved to approve the Workshop Meeting Minutes for 4/7/2020
Seconded by Mr. Walker.

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker and Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

REPORTS

The Report of the Tax Collector for the Month of March 2020:

Net Receipt:	General Fund	\$	699,317.03
	Water Account	\$	402,899.67
	Sewer Account	\$	770,196.87

OLD BUSINESS

O-20-8 – Calendar Year 2020 An Ordinance to Exceed the Municipal Budget Appropriations Limits and Establish a Cap Bank (N.J.S.A. 40A:4-45.14)

Mayor Preston opened Ordinance O-20-8 for public hearing and asked for any comments or questions.

There being none, Mr. Ammiano moved to close the public hearing, seconded by Mr. Walker

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

Mr. Ammiano made a motion to adopt Ordinance O-20-8, seconded by Mr. Walker

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

R-20-93 – Resolution to Read Budget by Title Only

Mr. Ammiano read Resolution R-20-93, and moved it for adoption, seconded by Mr. Walker

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

Presentation & Public Hearing – Introduced 2020 Municipal Budget

Review of 2019 Municipal Budget

Mr. Valesi gave a power point presentation.

What do I get for my 16%?

Mr. Valesi said, the Township Committee controls only 16% of the total tax dollar. The rest is controlled by the County, Schools and Fire Districts. He reviewed what is covered by the 16% and what the residents receive.

Result of 2019 Operations

- 2019 Operations were net positive for the regeneration of surplus and for positive cash flow:
 - Percent of fund balance in reserve increased from 35% to 36%
 - Amount of reserve as a percent of tax levy rose from 17% to 19%
- Surplus was regenerated, and the outlook for surplus regeneration looks positive into 2020.
- 2016 through 2020 budgets combined have over \$1,000,000 remaining under the levy cap (this equates to approximately 1.5 cents (or 4.4%) on the tax rate.
- Collection rate remains high, which has stabilized our reserve for uncollected taxes at just over \$2M.

2020 Budget Structure

- State Aid is flat again for the eighth year in a row, which is over \$3M lower than our maximum level. The State has cost the taxpayers of Freehold Township over \$33,800,000 over the last twelve years through its reduction and freezing of Municipal Aid.
- State Aid numbers have not been released, but we have used last year as a guide to structure the 2020 budget, which is consistent with previous years.
- Debt Service continues to be in line with expectations as we continue a consistent plan to ensure that debt service stays within a set range. In 2020, debt service increased by less than 1%
- As in the previous several years, our Budget includes the addition of \$400K into our Capital Improvement Fund to allow for a continuation of our debt strategy.

2020 COVID-19 Planning

The COVID-19 Pandemic will have a profound effect on the local economy, and will in turn have a significant effect on the 2020 Freehold Township Budget. The operational changes have already resulted in significant financial contingencies, most of which will not be properly quantified until the 2020 budget is closed out in early 2021. The following are just a few of the possible unknowns that we continue to track:

2020 Budget Highlights

Health Insurance

- Self Insurance for Group Healthcare continues to show savings and has provided over \$3.96M in reserve to stabilize this line item. The reserve accounts for 51% of the annual healthcare budget.
- In 2020, the total budget for healthcare increased by 1.2%, which is below the market rate for group health insurance premiums for an employer of our size. Participants contribute approximately \$1,150,000 back to the Township to offset the overall taxpayer cost for their health benefits.

- We anticipate that claims dollars will continue to be in line with expectations and, as such, have pledged \$1,250,000 of the \$3,960,000 trust balance to offset estimated 2020 claims.
 - 2013 Savings = \$410,000;
 - 2014 Savings = \$830,000;
 - 2015 Savings = \$360,000; = **\$3.96M in Healthcare Trust Fund**
 - 2016 Savings = \$120,000;
 - 2017 Savings = \$850,000;
 - 2018 Savings = \$710,000;
 - 2019 Savings = \$680,000; (estimated)

2020 Budget Highlights

Personnel

- Employee turnover has been high with several key retirements, resignations and departmental reorganizations. This creates some budget spikes and drops in various departments as we implement our individual succession plans.
- Freehold Township employees as compared to last year:
 - 190 full-time employees vs. 199 last year
 - 74 part-time employees vs. 68 last year
 - The Township currently has 22 vacancies, where we were considering only 8 vacancies last year.
 - Some of the vacancies are pre-filling upcoming retirements of police officers and key staff.
 - Total “positions” are 286 vs. 275 last year.
- We are the lead agency on many shared services agreements with neighboring and local towns.
 - Budgeted Shared Services Revenue for 2020 = \$950,000
 - Total Shared Services Revenue in 2019 = \$1,129,588
 - Approximately 36 F/T employees provide services

2020 Budget Structure

Personnel

Freehold Township maintains very strong policies on Compensated Absence Liability:

- All Township employees are capped at either \$15,000 or \$17,500 retirement payment for accumulated sick time. Sick Leave Trust has \$38,000 balance, which exceeds the amount needed for planned retirements.
- Vacation time does not accrue year-to-year and cannot be paid out beyond the unused current year at retirement or separation.
- Accrued compensatory time is limited to the statutory maximum of 480 hours and is accounted for on the Annual Financial Statement under Accounts Payable at 100% of the value of accrued time each year (\$425,000 in 2019.)
- The Township analyzes and readjusts the accumulation of leave each year and revises the Sick Leave Trust and/or Accounts Payable.
- The 2020 budget includes a \$35,000 line item for Accumulated Sick Leave, which will either be used or placed in the Trust.

2020 Budget Highlight
Major Drivers of Costs and Revenues

- Recycling costs have increased in recent years as a major change in how recycling is disposed of and used takes effect. In 2020, we increased our recycling budget by \$75,000 (or 12%) to account for increased disposal fees.
- It is likely that the COVID-19 issues that are currently taking shape in the economy will have ripple effects on housing, construction, tax collections, area business occupancy, hotel/motel fees, and other revenue and expense related items. It would be premature to account for them in the 2020 budget, but the budget is positioned with contingencies to handle revenue and expense variations.
- Securing the Burlington Coat Factory commuter lot by eminent domain resulted in significant legal expenses in 2019, and the trial took place in early 2020, adding more costs to this year’s budget. The ultimate cost of the lot will be approximately \$1.3M when the court judgement is finalized.
- Interest rates are fluctuating with the current market conditions, which will make our investment income and our note sale in 2020 a variable. We are positively positioned for this factor and will be able to accommodate any negative impact.

2020 Notable Revenue Changes

Difference between 2019 and 2020 budget revenues

Surplus Anticipated	\$611,141.00
Health Services	\$37,000.00
Fines & Costs- Municipal Court	\$(100,000.00)
Fees & Permits- Construction	\$(100,000.00)
Uniform Fire Safety	\$(27,665.79)
VNA Health Group	\$(22,175.00)

2020 Major Added Costs

Difference between 2019 and 2020 budget appropriations

Payment of Bond Principal	\$455,000.00
Police- S&W	\$226,000.00
MCIA Pooled Lease- Principal	\$260,207.00
Police & Firemen’s Retirement System	\$147,361.54
Interest on Bonds	\$127,131.00
Reserve for Uncollected Taxes	\$123,387.50
Unemployment Insurance	\$100,000.00
Police Vehicle Purchase	\$83,000.00
Group Insurance for Employees	\$77,258.58
Recycling- Other Expenses	\$75,000.00

Police cars, insurance and recycling increases were \$249,000 which accounts for approximately 55% of the total increase in operating expenses.

Major Cost Decreases in Expenses in Expenses

Difference between 2019 and 2020 budget appropriation

Payment of Bond Anticipation Notes	(\$497,400.00)
Interest on Notes	(\$343,132.00)
Equipment Maintenance - S&W	(\$38,000.00)
Recycling - S & W	(\$20,000.00)
Recreation Services /Programs S&W	(\$19,000.00)
MCIA Bonds- Interest	(\$12,580.00)
Municipal Clerk- S & W	(\$12,000.00)
Automotive Services	(\$11,200.00)

Freehold Township has an aggressive approach to maintaining and enhancing the Township's infrastructure. A number of completed, current and planned projects are the focus of this strategy, some of which are:

- Annual Road Overlay Program
- Water Meter Replacement Project
- Rehabilitation of Wells 14 and 15
- Rehabilitation of Well No. 3
- Utility Control System Upgrades
- DPW Recycling Center Improvements
- Critical Facility Generator Projects
- GIS & Asset Management Inventory
- Wynnefield Area Infrastructure
- Municipal Building Improvements
- Elton Corner P.S. Rehabilitation
- Gully Road P.S. Pump Rebuild
- Water Storage Tank Cleaning
- Replace Lafayette Court Water Main
- Dancer Farms Pump Station Demo
- Internal Inspection of all force mains
- Sanitary Sewer Relining Project
- Iron Bridge Road Improvements
- Stonehurst Boulevard Improvements
- DPW Yard Resurfacing Project
- Roadway Preservation Program
- Silvers Road Right-of-Way Acquisition
- Michael J. Tighe Park Bathrooms
- Jackson Mill Road Park Bathrooms
- Opatut Park "My Playground"
- Burke Road Landfill Cover

Debt Service and Capital Management

Freehold Township received a AAA bond rating from Moody's in 2019, resulting in one of the most aggressive bond pricings ever for the Township.

The Freehold Township budget retires debt in the same manner and amount that it accumulates, making for a stable debt service strategy.

Freehold Township routinely retires debt inside a period of ten years.

More importantly, the debt is structured to be nearly 70% retired in five years or fewer.

This strategy ensures that the Township retires debt from current infrastructure and does not have redundant debt service for the maintaining principal beyond its useful life.

Annual Tax Assessment Program

Freehold Township, as a Monmouth County municipality, continues to adjust and reassess our homes annually in order have our assessments keep pace with the annually adjusted assessments in all Monmouth County municipalities.

- In 2019, we inspected 20% of the Town in the second year of our five-year cycle of home assessment inspections.
- In 2020, 2021 and 2022, the Township will inspect 20% of our homes in each year as part of the five-year cycle that started in 2019.
- Annual Reassessment in 2019 showed a 1.9% total increase in the net taxable valuation of the Township.
- The market data showed a 2% to 3% home price increase in New Jersey in 2019. This was evident in some of the assessment adjustments throughout the Township.

Township Annual Reassessment in 2019
What effect does it have?

Begin 2019 \$6,602,200,000

Begin 2020 (est.) \$6,724,200,000

One-year increase of \$122,000,000 or 1.84% results in a downward rate adjustment of -0.61 cents before 2020 levy adjustment and before tax appeals are finalized.

The net change in available taxes for the Freehold Township Municipal Budget as a result of the change in assessment value is ZERO.

Open Space Trust Levy will change by \$36,600, the same 1.84% as our net positive change in ratables. This will be slightly reduced after tax appeals are final.

2% Levy and Appropriation Caps

Freehold Township's 2020 Municipal Budget is \$20,810 under the State mandated 2% levy cap.

Freehold Township's 2020 Municipal Budget is \$1,014,266 under the State mandated appropriation cap.

Freehold Township allowable levy under cap = \$438,012

Adjustment for new assessed ratables = \$ 95,470

Plus levy credit for PFRS Pension increase = \$110,716

Total Allowable New Levy = \$ 677,828

Total New Levy Used = \$ 657,018

For the last five years, the Freehold Township tax levy is \$1,070,697 under the allowable levy cap.

Municipal Budget Annual Comparison

The slide showed figures of 2019 and 2020 and the percent of change between them.

Total budget, State Aid, Municipal Revenue, Fund Balance and Amount to be raised. The Tax Rate (calculated using pre and post assessment values) – 2019 Valuation will be 33.2 cents, which is +0.1 cent increase and the Actual Rate is 33.6 cents, which is +0.4 cent increase.

Impact on a Homeowner

Mr. Valesi showed a chart comparing Freehold Township to surrounding towns. We have the lowest municipal tax rate out of 6 surrounding towns.

The average assessment on a home in Freehold Township is \$420,287 with the new tax rate the monthly increase would be \$0.92, for a total yearly increase of \$620

Municipal Expense Breakdown by Category- 2020

Public Safety & Police	\$10,815,653.00	25.4%
Insurance & Group Benefits	\$7,503,880.00	17.6%
Debt Payment and Service	\$4,888,159.00	11.5%
Pensions, FICA, Medicare	\$4,124,715.00	9.7%
Public Works and infrastructure	\$4,102,850.00	9.6%
Reserve for Uncollected Taxes	\$2,062,000.00	4.8%
Government & Policy	\$1,296,301.0	3.0%
Utilities	\$1,138,000.00	2.7%
Aid to Schools and Condos	\$1,072,559.00	2.5%
Financial and Revenue Admin	\$948,745.00	2.2%
Shared Services	\$889,894.00	2.1%
Engineering, Planning & Zoning	\$794,850.00	1.9%
Parks & Recreation	\$772,200.00	1.8%
Construction & Code	\$679,100.00	1.6%
Municipal Court	\$520,400.00	1.2%
Public Health	\$478,484.00	1.1%
Information Technology	\$311,000.00	0.7%
Grants - incl. Local Share	\$258,489.92	0.6%
		Total Budget
		100.0%

Water & Sewer Utility Highlights

- The Freehold Township Dedicated Water & Sewer Utility is self-liquidating, requiring funds to be used solely for the operation of the Utility.
- Excess rainfall in 2018 and 2019 negatively affected revenue and expense numbers. The Township Committee utilized available surplus as revenue in the budget in order to maintain our low rates.
- With last year's spike in expenses, the overall budget appropriations for the utility are down 5.7%, and the Utility is using \$1.2M less in surplus as revenue in the 2020 budget.
- We are still delaying the Gravel Hill Road Tank Project until steel prices stabilize. Bids came in much higher than expected.
- Freehold Township Water and Sewer rates remain among the lowest in the State, and the lowest in Monmouth County.

Mayor Preston asked for any comments or questions from the public on the 2020 budget

J.J Mistretta 506-8 Harding Rd, thanked Mr. Valesi and Mrs. Campbell for staying calm during the Covid-19 Pandemic and she also applauded them for their hard work on the budget. Mrs. Mistretta inquired about the hotel that is closing and declaring bankruptcy?

Mr. Valesi said the Radisson Hotel closed temporarily due to Covid-19.

Mrs. Mistretta asked if the Freehold Township is going to hire police officers during this difficult time?

Mr. Valesi explained that there are 5 open positions in the budget. Due to Covid-19 and the fact that the police academy is closed, it may be difficult to fill these positions within the fiscal year.

Mrs. Mistretta asked if we could buy electrical vehicles for the Police Department or other Departments?

Mr. Valesi said there are very strict rules, guidelines, and models that are required for police vehicles. Mr. Valesi said the Township does own hybrid cars that are being utilized by other departments.

Mayor Preston closed the public hearing on the 2020 budget.

R-20-94 – Resolution to Amend the Introduced 2020 Municipal Budget

Mr. Ammiano read Resolution R-20-94, and moved it for adoption, seconded by Mr. Walker

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

R-20-69A – Adoption of Amended 2020 Municipal Budget

Mr. Ammiano read Resolution R-20-69A, and moved it for adoption, seconded by Mr. Walker

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

R-20-95 – Resolution - Certification of Local Budget Examination

Mr. Ammiano read Resolution R-20-95, and moved it for adoption, seconded by Mr. Walker

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

NEW BUSINESS

R-20-96 - Resolution Approving Consolidated Bills List

Mr. Ammiano read the Resolution R-20-96, the Consolidated Bills List in the amount of \$1,967,518.11 and moved it for adoption seconded by Mr. Walker.

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

R-20-97 – Resolution Designating Block 50, Lot 25 as a Condemnation
Redevelopment Area

Mr. Munoz reminded and updated the Township Committee that he had a conversation with the Planner who reiterated that when the planning board was adopting the resolution there were several issues that arose due to the uniqueness of this property and the fact that there were several long term leases in many different buildings and odd lease structures, the only way to move this condemnation forward was to utilize Eminent Domain.

Mr. Ammiano read Resolution R-20-97, and moved it for adoption, seconded by Mr. Walker

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

FORMAL ACTION – CONSENT AGENDA RESOLUTIONS

Matters listed under the items of “Consent Agenda” are required to conduct the day to day operations of the Township, and will be enacted by one (1) motion in the form listed below. There will be no separate discussion of these items. If discussion of any item is desired, that item will be considered separately.

R-20-98 - Resolution Authorizing the Tax Collector to Process Third Quarter
Estimated Tax Bills due August 1, 2020

R-20-99 - Resolution Authorizing Application and Approving Participation with the State of New Jersey State Fiscal Year 2020 Safe and Secure Communities Program Administered by the Division of Criminal Justice Department of Law and Public Safety

R-20-100 - Resolution Authorizing Execution of a Shared Services Agreement with Borough of Highlands for Licensed Operational Services for Highlands Borough Utilities

R-20-101 – Resolution Authorizing the Award of Contract for Maintenance and Repair Supplies for Underground Utilities for the Utilities Department

R-20-102 – Resolution Awarding a Contract for Heating, Ventilation and Air Conditioning Maintenance in Freehold Township

R-20-103 - Resolution Awarding a Contract for Sports Officials Services - Softball

R-20-104 – Resolution Authorizing Award of a Contract for the Purchase of Datalux Tracer Computers and Accessories for the Police Department

R-20-105 – Resolution Authorizing the Award of a Contract for the Purchase of Eltag Plate Hunter Mobile Camera and Accessories for the Police Department

R-20-106 – Resolution Authorizing Award of a Contract for the Maintenance and Repairs to the Historic Oakley House

R-20-107 – Resolution Awarding a Contract for the Installation of Playground Equipment at Opatut Park

R-20-108 – Resolution Authorizing the Settlement of the Matter of the Township of Freehold vs. Freehold Shopping Associates, et al.

Add-On

R-20-109- Resolution Extending Tax Payment Grace Period

Mr. Walker read the Consent Agenda resolutions and moved them for adoption, seconded by Mr. Ammiano.

Vote:

AYES: Mr. Ammiano, Mr. Cook, Mrs. Fasano, Mr. Walker, Mayor Preston

NAYS: None

ABSENT: None

ABSTAIN: None

There being no further business, Mayor Preston asked for any comments or questions from the public.

There were no further comments from the public Mayor Preston asked for any comments from the dais.

The Township Committee thanked Mr. Valesi and Mrs. Campbell for a job well done on the budget.

Mr. Valesi said that this year's budget was filled with several obstacles due to Covid-19 and Mrs. Campbell worked extremely hard to complete this year's budget and she did a great job. He thanked her for an outstanding job.

The Mayor adjourned the meeting at 9:06 pm

Sanabel Abouzeina, Township Clerk