

BOROUGH OF HIGHLAND PARK
COUNTY OF MIDDLESEX
BUDGET WORKSHOP – MARCH 21, 2023

A Budget Workshop of the Highland Park Mayor and Council was held in Borough Hall, 221 South 5th Avenue, on Tuesday, March 21, 2023, and was called to order by Mayor Foster at 6:01 PM. Notice of this meeting was provided to The Home News Tribune, the Star Ledger and the Highland Park Planet on March 16, 2023, and was posted on the Borough website at www.hpboro.com and on the bulletin board at Borough Hall, 221 South Fifth Avenue, Highland Park, NJ on March 16, 2023, and has remained continuously posted as required by law.

Present: Mayor Foster; Councilpersons Canavera, George, Hale, Hersh, Kim-Chohan, Postelnik; Borough Administrator Jover, Chief Financial Officer Champion; Borough Clerk Santiago.

Absent: None.

Borough Administrator Jover introduced Chief Financial Officer Nerea Champion. She noted that everyone received a memorandum, along with copies of the summary sheets and the detailed budget worksheets. On the municipal budget worksheet where she compares 2022 to 2023 with the library, schools and County, the comparison was done with the assumption of increases of 2%. She received notification last Friday that the increase for the schools would be 3%. The school budget was discussed at the Board of Education meeting last night. They received additional State aid this year, but there are additional expenses, especially with the preschool mandates.

Councilman Hale asked how much State aid they received. Borough Administrator Jover noted that they received 34% more than last year. She noted that the big thing that stands out this year over last year is the tremendous increase in total assessed value which was due to the revaluation that we were ordered to do. When you compare 2022 to 2023, the total average assessment went from \$145,966 to \$479,990. We did see an increase in appropriations this year because of the revaluation and because of how it redistributes things more fairly. The average impact to the typical residential assessment where you compare 2022 to 2023, \$12,440.24 versus \$11,618.75. In general, you will see tax bills go down. She did a quick calculation before the meeting with the new State numbers, 3% versus 2%, \$752.42 versus \$821.00.

Councilman Hale indicated that he would like to have a memo or a conversation with the schools because their state aid went up 35% and they are going above a normal 2% increase with 3%. Borough Administrator Jover to request additional information.

Councilwoman Canavera noted that she believes there was an increase in out of district placements for special education students.

Councilman Hale noted that the top line is that the average taxpayer is going to see a bill of \$750 less this year.

Borough Administrator Jover noted that is the good news, but it is a tough budget and they have some good things working in their favor right now. This is a real budget as opposed to the 2002 budget and we have some increases that we didn't have last time. That is why everybody needed to apply for their anchor benefits. This is the average residential assessment which is the number they used to compare year to year. We are utilizing a little more surplus in this budget to try to cushion the blow. We feel we can do that pretty comfortably because we did regenerate and we're sitting in a pretty good position to do that. We don't want to over stretch because that's also something the bond rating agencies look at and they want to see you're kind of maintaining and having a consistent surplus. We can pull down a little more than last year because we had some reimbursement from FEMA and some other things that made our regeneration a little stronger than would have been in a normal year. We probably would not have that going into next year, so that's why we're going to probably end at a lower point. You shouldn't be anticipating more than you got in the prior year. One of the things on everybody's mind is the cannabis licensing. We're in a weird year because if you recall, applications went out last year and we collected money for those applications. They're now just getting established with their state licensing. She doesn't think we can depend on that revenue because we don't know how long that process is going to take. We're going to have to think about the renewal cycle once they're up and running. That revenue, whatever it ends up looking like, comes in from the 2%. Until we have a track record on sales and things, we're not going to be able to anticipate that revenue in a real way.

Borough Administrator Jover noted that they did some increases in Court. Tickets are trending up as well as violations and fees, but they are not projecting future escalation. There was a bit of hesitancy on enforcement during the pandemic. Enforcement is in place now and while we can't predict trends, it's trending upward. It's not where it used to be, this is more of a recovery. Mayor Foster noted that during Covid, officers weren't going up to people's cars and writing tickets. Most of the time they gave a warning at a distance to cut out contact as much as possible. Now, it's going back to doing their regular job as an Officer.

Borough Administrator Jover spoke about grants and those grants that we get every year. For grants that we get after budget adoption, the Borough has to do a Chapter 159 resolution to insert those items into

the budget. They used American Rescue Plan Act funds for a Woodbridge Avenue road improvements, approximately \$500,000. She will be coming back to them with a proposal for some capital projects. She is not concerned about any of the usual grants this year except for the microgrid one that didn't happen this year. We'll be exploring new real opportunities when we see them. She can put together a better summary of where she thinks the grants would be. They experimented with a grant writer for the safer grant and we're going to be looking at those things again. Councilman Postelnik asked if there was money available to hire someone part-time for grant writing. Borough Administrator Jover noted that it would be hard to keep somebody busy on a part-time basis, but certainly on a consultant basis and that's what a shared services agreement could cover. There's a limited capacity of the number of project that the staff can implement so we have to think realistically. The revenues and grants offset expenditures such as some of the salaries at Community Services.

Councilwoman Canavera asked if the Borough is still losing money on having an ordinance where people are supposed to register their cats. Borough Clerk Santiago noted that she would look into that.

Borough Administrator Jover noted that if you look at her memo and look at the summary page, you can see where the highlights area. She encouraged them to look at two columns, budget change in dollars and percentage change. The biggest highlights in Administration is in legal. Gearing up for trial on JSM v. Highland Park and any other weirdness that comes our way such as Bottteon v. Highland Park. Library number is up as their initial request was much higher. She did do some editing based on how much was actually expended in prior years. Liability insurance is up 16% and she declared this the year of risk management. You have to do those trainings and if you have not done them, you have about 1 ½ weeks to get them done. She will send out listing of trainings that need to be done. Our numbers across several areas were not favorable and some of the things we can do are trainings and things to show the JIF we're taking it seriously and they will take our performance on these trainings into advisement when they look at our new premium for next year, but the premiums are up. We are in year two of a three year contract, so we didn't have the option to shop around. We are going to work really hard this year to improve our performance. We have a lot of protocols and our employee safety meetings are much more robust. This was a major unexpected increase and we worked hard because they were trying to change our deductibles. We were able to negotiate that back down, but that was something that was going to really hurt, especially for workers comp. It was a major increase this year, \$68,000+. Group insurance, which is the health insurance, is up by 12.6%. The actual increase was closer to 24%, but we had some cushion in that line from previous years to buffer this a little bit, but we won't have the moving forward. This number is basically us absorbing that major premium increase from the State health benefits plan program. The last item I flagged is PFRS, the pension program for the police and fire. The bill went up by \$135,000. Mayor Foster encouraged everyone to take those classes, we need whatever percentage that we can get to lower our percentage with the JIF.

Borough Administrator Jover noted that the major increase in Finance is due to transition between Lori and Nerea. We still have Lori as our Director of Finance and Nerea is now the Chief Financial Officer. Lori's going to stick around for a little while to help us through the budget period. Lori is also the Borough's Qualified Purchasing Agent and we'll probably keep her at least until the end of the year until we figure out an alternative. Councilwoman Kim-Chohan asked if the revaluation is under finance. Borough Administrator Jover noted that the cost is under deferred charges on page 5 of the packet. You're up by \$80,000 under deferred charges. The \$14,000 we were paying for five years was for the master plan. Now we're going to be paying \$80,000 for 5 years for the revaluation. We're taking the hit this year, but next year it won't feel so bad. Councilwoman Kim-Chohan asked about a revaluation maintenance program. Borough Administrator Jover noted that it is not needed this year. As we go through tax appeals, PPA is still on the hook as part of their contract. Tom is going to have a proposal for us for a maintenance program starting next year.

Borough Administrator Jove noted that there is a slight increase in economic development and this will help with how we're structuring the Main Street contribution. We are going to need to introduce the Main Street budget in parallel with our budget. When we're all adopted, we can get our tax rate certified and get our bills out. You'll see some changes in salary and wages between Planning Board, Board of Adjustment and Code Enforcement. We hired Tanya Varela who's been doing the planning and zoning board clerking that Jen did as a separate title. Instead of charging it to three different accounts, we decided to put it under Code Enforcement's budget. We reduced planning and zoning by the same amount and Tanya's salary is no longer charged to those lines. Councilman Hale asked the Borough Administrator to explain what goes into the economic development OE. Borough Administrator Jover explained that the salary and wages is her redevelopment stipend. Redevelopment related planning services are charged to OE if they are not eligible to be charged to our capital ordinance. We are finishing up the Cleveland Avenue and Upper Raritan Avenue plans, because that was out of the 2021 budget and we can no longer charge the 2021 budget. She is working on getting LRK to give her an updated proposal to finish those out. The Main Street contribution of \$25,000 is also charged here, but we're contemplating an increase in that. There was discussion about increase in animal control and shared services.

Borough Administrator Jover noted that in public safety salary and wages are up 5.7%. They have a fairly aggressive salary guide. This number also assumes some negotiations that she's in the middle of for incentivizing some of the newer officers to stick around. We've been hearing from the Chief and senior staff that it's exhausting to get all these new Officers on board and then lose them to other towns. Mayor Foster note that this is critical, because her entire time at public safety, we bring them in, train them, and as

soon as they're ready, here comes another town that's offering thousands of dollars more. It's like Highland Park is a training ground and we've lost a lot of minority hires. Borough Administrator Jover noted that the Chief has worked really hard with the Labor Attorney for when we hire on some clauses about if you accept this offer, you're withdrawing your name for consideration in other towns. There will not be additional new hires except to fill open positions/retired positions. She mentioned the Safer grant for the Fire Department and we might not hear about that until August. The number is a hedge number, because she didn't want to be caught flat-footed without the ability to do some additional hiring this year, either some combination of an additional full-time or potentially a full-time and a part-time director. The safer grant is for a firefighter, not a manager. We need more than anything is bodies responding to fires.

Borough Administrator Jover noted that Recreation and Arts is under control under the leadership of Kim McGraw. There is a recreational trust fund where fees/money collected is deposited and the expenditures for those programs are charged there. We do charge some day-to-day stuff and salaries and wages to the municipal budget. We track incoming expenses on both sides, but this is our operating municipal budget amounts to be raised for tax purposes. Kim did a great job once again securing grant funding for the Aging side of the budget. They did not touch the discounted or free/reduced programs and only focused on raising regular fees. All the salaries come out of the full budget. In the past, they did hit the recreation fees a little more to offset salaries, but we're trying to have that money available to support programming, paying vendors, etc. The reason that there is no teen center OE is because there is a trust account that we've been utilizing. It is a subset of the recreation trust that was put aside from before the teen center was up and running. We've been very frugal about that and we've been milking it, but the day will come when that's gone and that's the other reason we want to build the recreation trust back up so that we have it to offset all the programs, including the teen center.

Borough Administrator Jover noted that public works is a big budget and the main changes that she'd like to highlight is that there's a slight uptick on salary and wages. The steps in the salary guide for union positions are more than 2%. We had been trying to hire a position for a long time and we finally did towards the end of the year. The other big change is in buildings and grounds. We are on a new custodial contract and we're still ironing out the kinks, but we didn't have a better alternative. We're going to work really hard to make sure it performs better than the previous contract. We have some building upgrades we're going to need to take on in some of our buildings like the DPW bathrooms. We are going to do a deep clean and some things to get them a little spiffier. We have a dream to do over the ones at the community center, but that'll be a capital project. This is more maintenance and catch-up because we're just seeing those costs going up. Councilwoman Kim-Chohan mentioned that she thought that at one time we were doing something with the schools. Borough Administrator Jover noted that the schools broke off their agreement and are going out to bid. We were not getting good service and it was not going to save us money in the future. We went with Accesses NJ, which is a state contract agency. They work with special need folks and they got really great recommendations. We're having some challenges with the team we have here now and we're going to resolve them. We still own 101 Raritan Avenue and it looks like an eyesore, so we're going to paint it. The other thing is motor pool. We have old vehicles and you're going to be hearing from me when we talk about capital. The problem right now with vehicles, is you can't get them. We have money sitting there from an allocation a couple of years ago and we can't get a pickup truck for DPW. She jacked up the number by another \$40,000 just to make sure we have enough to keep our fleet going. Our bigger equipment is now 12 to 30 years old and gets used constantly. We have a plan for doing more routine replacements but unfortunately for police vehicles and public works vehicles they are difficult to get and the bigger towns get them first.

Borough Administrator Jover noted that she made no changes to the requests submitted by the boards and commissions. The biggest request was from the Arts Commission. They did spend their money last year and they did a lot of good programs and they continue to do a lot of work. We have an arts related trust previously approved by the state. If they're willing to put the energy in that, we can support it. Councilwoman Kim-Chohan asked what their big ticket items are. Mayor Foster noted that windows of understanding is one of their big projects along with the sidewalk murals on Benner Street. Councilman Hersh noted that their projects range from \$500 to \$1,500 and they are doable. Borough Administrator Jover noted that the only other two boards that increased were the Shade Tree Advisory Committee and Sustainable Highland Park. Councilwoman Kim-Chohan asked about the Board of Health budget number because they didn't use all their money last year. Councilwoman Canavera noted that they didn't use a lot of their money because they were able to get donations for a lot of the stuff that they were giving out. The donations they previously got will not be available this year, so they will have to purchase those items.

Borough Administrator Jover noted that for the capital improvement fund we could do more or we could do less. We've been holding steady at \$100,000 and Lori and Nerea thought that made sense to continue that practice. That builds up the money we can use to fund borrowing for capital projects or we can charge smaller projects to that by ordinance.

Councilman George noted that the library ask was a bit more and Teri did cut that down. The library is funded a bit oddly because the statutory mandate is a third of a million which is based upon the overall assessed value and then the borough contributes. Borough Administrator Jover noted the statutory amount is \$528,201,050 and then the Borough contributes and historically have more than doubled the contribution to the library. We were holding pretty flat for a number of years, so this is the first year where there's a pretty sizable bump. It is less than requested, but more than previous years. Councilman George noted that one of the infills was hiring of full-time staff to bring staffing back up. It was also an increase

in the Executive Director's salary. We had a long conversation about upgrading electronics from people who really understand electronics. The library over the last year undertook some significant community outreach projects such as a table with the farmer's market, they put in a miniature Spanish library in a laundromat, which is a fabulous idea. Borough Administrator Jover noted that there may be some disruption at the library due to the construction, so there may be some savings in part-time staff. Councilman George noted that we have two big things that are going to happen. We have the state library grant, which we're matching, which is about \$900,000 and that has changed a bit because the costs have risen so substantially. Borough Administrator Jover noted that the Borough is going to be doing the HVAC, the one that's broken, and that's in buildings and grounds. Councilman George noted that the project is going to take 18 months before it comes together. There are bid openings on Thursday at 11:00 a.m. for the state library grant. Councilwoman Canavera commented that the library should get as much as we can financially give them as they do a lot for our underprivileged residents.

Councilman Hale noted that the main street budget is funded through a business improvement district tax. The last time this was increased was in 2018 and it was 7%. During Covid there were no increases, so a small increase in the bid makes a lot of sense for economic development. A 3% increase is suggested which is minimus for most landlords. One of the things that main street has taken on is doing a lot more with SNAP benefits and with farmer's market benefits and making sure they can be used in a wide variety of places and that's a lot of administrative work that Rebecca and the staff have taken on. It's not really a job for Main Street, but they are doing it because they're the ones on the front lines. He would like to contribute more to the grant part of what the borough gives them. We historically give them \$25,000 and that's been flat forever as a supplement to the bid tax. He suggested increasing that to \$35,000 and keeping the bid tax increase at 3%. Councilwoman Canavera commented that with the borough not having a grocery store and with them doing as much as they are to make sure our residents that don't have means to get to another store and get fresh fruits, vegetables and other necessities, she thinks it's more than fair. Councilwoman Kim-Chohan asked if they could have applied for funding through CDBG for this. Borough Administrator Jover noted that the biggest issue with the SNAP benefits is the additional paperwork. That's a discussion to be had in the future. We were not aware of the amount of effort that goes into offering this benefit. Mayor Foster noted that main street signs up the vendors who will accept SNAP and they handle the reporting. There is also another program called good food. Councilwoman Canavera explained that for vendors that don't take SNAP, you go to Main Street and use your SNAP benefits for \$20 and you get \$40 in tokens. Councilman Hale noted that the point of raising the contribution by \$10,000 is that right now Rebecca is doing the administrative work that causes SNAP benefits to get spent and we ought to contribute to that. Mayor Foster agreed to go with the 3% with the idea that they're going to explore other opportunities. We have to have a stance moving forward on how to create press kits to out to sell downtown Highland Park. Councilwoman Kim-Chohan asked if Unity Bank still gives them a big donation. Councilwoman Canavera commented that she believes that Unity Bank took some of the money they were giving to Main Street to give to the food pantry.

Borough Administrator Jover explained that the borough has an operation maintenance contract now. We buy water, we run the system through our operations and we pay to process our sewer. That's the major of the utility budget and the rest of the expenditures are all the things we have to do to keep things running day-to-day. That includes offsetting some of her time, Nerea's time, staff and software programs. On the revenue side, we did pass an increase. Lori's preference, based on her experience, is that the budget will be adopted more smoothly if you have enough surplus to cover the budget knowing that we're going to regenerate it because we passed those increase. We decided to keep the budget simple for review purposes, which was anticipate what we could reasonably do based on prior year's performance. However, what's not reflected in prior year's performance is a whole four quarters at 9 ½%. We know we're going to regenerate the surplus which we are going to need in order to do capital improvements and other things down the line. This is a very uneventful budget. The MCUA costs are estimated every year for whatever reason and thankfully it was only 4%. We've had years where that wasn't the case. The first quarter of the following year is the makeup bill. Every year that can be different. The one from last year was down and she thinks that it might be because of some of the upgrades we're making and the timely response to leaks and things like that that are cutting off some of the costs. What goes out of our pipes in the ground has clean water and it often finds its way back into the cracks in the sewer pipes which then goes to MCUA for processing and that's called infiltration. With the meter replacements, we hope to have more accurate billings so that people pay for actual usage, no more, no less. Her hope is that they passed enough of an increase that we are good for a little bit as we stabilize. We're trying to pick and choose some of the capital projects to address leaks or problems.

Borough Administrator Jover explained that the last sheet is the capital plan which is based largely on where the department heads are saying they are seeing things and where she is seeing things. It includes a new roof for the community center. This is a best guess wish list and you will have to authorize any of these expenditures via ordinance. There was discussion about the upcoming state mandates for the 9-1-1 system.

Borough Administrator Jover will put these numbers into the official budget documents and prepare her PowerPoint presentation for the introduction.

Mayor Foster opened the meeting for public discussion and called upon all those wishing to speak to identify themselves. Speakers are limited to 3 minutes and the discussion to end at 9:00 PM.

REGULAR MEETING – MARCH 21, 2023

No one appearing to be heard, the Mayor closed the public discussion.

There being no further business, on motion made by Councilwoman Canavera, seconded by Councilwoman Kim-Chohan, and carried by affirmative voice vote of all Councilpersons present, the meeting adjourned at 7:49 p.m.

Respectfully submitted,

Jennifer Santiago
Borough Clerk