CITY OF ABSECON
Municipal Complex
500 Mill Road
Absecon, New Jersey 08201

Carie A. Crone, RMC
Municipal Clerk

Phone (609) 641-0663x101
Fax (609) 645-5098

CITY COUNCIL

BUDGET MEETING

MARCH 14TH, 2024 6:00 PM

MINUTES

FLAG SALUTE

ROLL CALL
PRESENT: Councilmembers Sandy Cain, Alex Clark, Richard DeRose, Steve Light, Tommy Marrone, Christine Parker, and Council President Nick LaRotonda
ALSO PRESENT: Mayor Kim Horton, City Administrator/CFO Jessica Thompson, City Engineer Ed Dennis, City Clerk Carie Crone

STATEMENT OF THE SUNSHINE LAW & NOTIFICATION THAT THIS MEETING IS ELECTRONICALLY RECORDED

2024 MUNICIPAL BUDGET DISCUSSION

Jessica Thompson: Provided handouts detailing budget breakdowns. Urged that the 2024 Budget needs to be introduced in the meeting scheduled for the following week. The City's resistance over the years to raising taxes, has led to the digging of a financial hole. Announced that City taxes would have to be raised this year. Considering all the factors (e.g. PBA contract, debt service, etc.), suggested a 4-cent increase. Reminded Council that Absecon's current tax rate is still 8 cents less than it was in 2012. Admitted that raising taxes by a penny each year would have likely been more fiscally responsible, but is looking forward. Emphasized that the City cannot increase their spending on service improvements and pay off the debt of their investments, with the current tax rate.

Councilman Clark: Asked if Councilmember's are okay with a 4-cent tax increase.

Councilman DeRose: Pointed out that J. Thompson has not provided the details yet.

Councilman Clark: Clarified that the budget J. Thompson is about to describe is based on the suggested 4-cent increase, so if Council opposes the increase, the budget numbers will be altered.

J. Thompson: If the increase is opposed, then the City will be forced to use more of its fund balance (substantial amount already being used). Reminded Council of the need to build the fund up every year to ensure a better balance. Hopes the cannabis-related businesses open soon so that Absecon gains that revenue stream. Mentioned that the public schools receive more state aid than the City. Stated that the City was limited in funding sources. Absecon is receiving $766,698 (an $8k increase) in aid from the State, tax revenue, general revenue (e.g. Mercantile), etc.

Councilman DeRose: Clarified that, this year, the Absecon Public School District is receiving an additional $454,467 in aid from the State, on top of what aid was already anticipated.

J. Thompson: Cited the handout regarding surplus and revenue. Emphasized the necessity of the cannabis-related businesses for the City's revenue stream. Without additional revenue streams to offset the budget, the City must raise taxes or spend its depleting surplus. Strongly advised Council of the need to increase taxes.

Council President LaRotonda: Asked what a 4-cent increase would be for an average home in Absecon.
J. Thompson: Estimated about $60.

Councilman DeRose: Recalled that Absecon's recent reassessment precludes the municipality from reaping the benefits of Atlantic County's decision to lower 2024 taxes.

J. Thompson: Added that while value has been raising, equalized value is decreasing, so eventually the City may have to consider conducting a revaluation of the City (estimated cost of ~$500k). Stressed the importance of project timing.

Councilman DeRose: In Dennis Levinson's State of the County Address, he called for a county-wide revaluation. Favored the County investing their own money into it. Admitted that he, himself, would personally oppose the project.

Councilman Clark: Described the proposed Municipal Budget. If the City raised their rate from 1.019 to 1.059 (4-cent increase). For a house assessed at a value of $150k, the annual increase would be $60. In Absecon, the average house is assessed at $171,289, and would incur an increase of $68.51. For a $200k house, the increase would be $80. For a $250k house, the increase would be $100. Clarified that, in regard to houses over $200k, for every $50k assessed, the house is taxed an additional $20. (Numbers provided by Jessica Snyder).

J. Thompson: Commented that a huge cost increase has been Council's prioritization on public safety. Pointed out the need for cost-benefit analysis of certain services. There must be an understanding amongst residents that in order to gain the benefits of stronger public safety, they will literally have to pay for it. Noted that public safety remains a significant concern for Absecon residents. Encouraged the Governing Body to explain the situation to any resident who confronts them about the tax increased. The details within the handouts provided are prepared and based on a 4-cent tax increase. This would provide the City an additional $290k from tax collection. Complained that the collective salaries of PBA-members cost over $400k, so the additional money from a tax increase wouldn't be able to cover that, alone. Began a review of the budget documentation provided earlier.

Councilman DeRose: Inquired whether Council is expected to be making definitive decisions during the meeting.
Council President LaRotonda: Confirmed that they are, as the Budget Ordinance will be Introduced at the next Council Meeting.

J. Thompson: Although the Finance Committee has had several conversations about salaries, does not want to get into further discussion about them at the present moment. Indicated that most salaries have been determined and are included in the budget. Documentation presents a year-over-year comparison. The City's 2024 Legal and Engineering budgets decreased this year.

Councilman Marrone: What items are included in Operating Expenses for Mayor and Council.
J. Thompson: Most of the budget pays for organizational professional dues and miscellaneous supplies (e.g. Proclamation paper, plaques of honor, etc.).

Councilman Marrone: Shared that he is willing to take a pay cut. Asked fellow Councilmembers whether they would be willing to also take a pay cut.

J. Thompson: Reminded Council that they have not received a pay increase since about 2008.

Councilman DeRose: Informed Council that a $500 cut from the Governing Body-members' salaries ($4k altogether), would cover the cost of salary increases.

Council President LaRotonda: Expressed support for the pay cut.

Councilwoman Parker: Echoed support for the pay cut.

Councilman Light: Suggested setting a uniform salary for all members of the Governing Body.

Councilman DeRose & Councilman Marrone: Expressed opposition to that idea.

Councilman DeRose: Insisted that the money be taken from its original location and be budgeted for employee salaries instead.

Councilman Clark: Accepted the idea, but expressed doubt that the action would solve their issues.

Councilman Marrone: Disputed that notion. If this action offsets even just one thing, it is helpful.

Councilman DeRose: In a previous meeting, it was discussed how the City would need to come up with additional funds for salary increases, however, this option removes that need.

Councilman Clark: Stated that J. Thompson found the additional funds already, so they no longer needed to look for other alternatives.

J. Thompson: Shared that the money budgeted for the increases was from the City's surplus.

Council President LaRotonda: Compared Council's pay cut to the residents' tax increase. Expressed support for the salary decrease, claiming it was the right thing to do.

Councilman Clark: Cautioned that this action would not be able to prevent the City from raising taxes next year. Emphasized the need for Council to consider long-term plans and strategy. Admitted that the salary decrease would be a gesture of goodwill and show of good faith.

Council President LaRotonda took a poll among Council to see who agreed to a pay cut of $500 (members of Governing body):
Councilman Light: Yes
Councilman Marrone: Yes

Councilwoman Cain: Yes, but warned that this change will be permanent. So, if Council wants and increase in the future, it will surely anger residents.
Councilman DeRose: Expressed emphatic refusal to ever support a request for Council salary increase.
Councilman Clark: Questioned whether this change would be permanent.
Councilman DeRose: Agreed with Councilwoman Cain's assertion that if Council were to cut their salary this year, that the change would need to be permanent.
Councilwoman Parker: Yes
Council President LaRotonda: Yes

The decision was made to cut the Governing Body's salaries by $500.

J. Thompson: In regard to the Legal budget, because most of the City's union negotiations are finished, does not anticipate needing quite as much money to pay for legal costs and therefore believes a budget cut is possible. Also mentioned decreasing the City's Engineering budget. The City's engineering costs have been very reasonable and the projects successful. Commented that Ed Dennis also provides the City many helpful services of which he does not charge Absecon for. Praised the City's relationship with E. Dennis and his firm. Stated that the budget decrease was in no way a reflection on E. Dennis or his firm. Next, informed Council that the City's insurance rates with the JIF have increased. Indicated that last year she made effort to get quotes from other providers, however was unsuccessful. Reminded Council that she changed the health insurance policy last year. Continued on to discuss the Police Budget. The Police budget is increased by $427k, but the OpEx budget has decreased by $33k. This is because uniform expenses have moved from the Operating Budget to Salaries and Wages. The Police budget includes costs for Police Officers, Police Chief, Crossing Guards, Special Officers, and any potentially new hires. Next, discussed the Ambulance budget. The City went out for RFP for EMS service, with the bids being opened earlier that day. The City received 4 bids, 2 of which were immediately dismissed as potential options. Another review of the 2 remaining bids will be required, however $155k (the most expensive of the 2 remaining bids) was placed into the budget until a final decision is made.

Councilman DeRose: Clarified that he, Councilmembers Cain and Clark, and J. Thompson are members of the committee reviewing the bids. Council will be updated once a decision is made.

J. Thompson: The budget includes $15k for fire hydrants (charged by the NJ American Water Co.). The Public Works Salary budget is decreased because she does not anticipate needing to hire any PT employees. The Public Works Operating budget is increased at $225k. The City takes proper care of their vehicles so the Maintenance budget is decreased. Mentioned the idea of reallocating funds for some sports organizations.

Councilman Clark: Spoke with Councilman Light and he will speak to his Committee about the topic.

J. Thompson: In regard to the Concert in the Park 2024 schedule, the Wind Ensemble is changing their performance to Saturday with a rain date of Sunday.

Councilman DeRose: Questioned whether the $57k Public Events budget included events such as Concerts in the Park, Creekfest, etc.

J. Thompson: The largest portion of the budget ($35k) is dedicated to the Senior Center. There was some money ($17k) remaining in the Public Events budget last year, but it's because the Senior Center was not fully operational all year. Next, stated that she increased the budget for street lighting and lowered the budget for the telephone budget. Increased the Tipping budget (ACUA rate 3-4%). Was informed by the ACUA that because they caught up on all their overdue pickups, they will not be issuing the City a credit.

Council President LaRotonda: Answered that he would be reaching out to the ACUA about that.

J. Thompson: In regard to the Pension budgets, PERS is decreased by about $41k and PFRS is increased by about $30k. The decrease is due to their reduced workforce (dispatch and library employees). The budget for Social Security is also increased. Explained that the -$390k included in the budget is pertaining to American Rescue Funds received in previous years. When the money was received, the City decided to use the funds for Capital Projects (split over 2 years). $50k, from the Road Program (5%), is included in the Capital Improvement fund. It was decided that the City's will reallocate money for their other projects.

Councilman DeRose: Asked if the $7k increase for the Court was to cover the deficit.

J. Thompson: Stated that it was not. The money budgeted is only for salaries. There is less revenue than anticipated.

Council President LaRotonda: Shared that there is word that the Municipal Court System is falling apart, so there is the potential for Absecon Court to pick up more opportunities for service. Acknowledged the $100k+ deficit, indicated that the Court's monthly income has dwindled drastically. Asserted that, although the Court is designed to function by means of self-support, however has not done so over the past few years.

Councilman Clark: Noted that legal changes have made it more difficult to enforce accountability with fines.

J. Thompson: Since COVID, the Court has yet to return to the same pre-pandemic operations. Next, discussed the City's Debt Service. The City bonded last year, so there is higher principal costs this year. The successful bid from last year had a substantial bond premium and although had a higher coupon rate, but provided cash up front (helps with good interest rate). Instead of putting the entire premium against the note, saved $200k to help offset the item this year. So, while the item is listed here on the budget as $371k, but on the revenue side, there is an offset of $200k. This will bring the City to a new level of debt. Concluded her explanation of 2024 Budget expenditures.

Councilman Light: Asked how much money the City has in surplus.

J. Thompson: Continued on to explain the Revenue in the City's 2024 Budget. In order to balance the budget, the City will need $1.95m (increase from last year, using additional surplus). Identified sources of City revenue. Can only anticipate the amount of revenue received in the prior year. Increased interest rates may enable a substantial revenue expansion. The Communication Tower's new contract may provide the City an increase from last year. The City also received State Aid ($9k increase from last year). The grants listed in the budget are those that the City has already attained. PILOT funds (earned through re-development improvements) are included as well. As more developments are completed, more funding will be acquired. The City did not receive as much money from the Hotel Tax last year as it has in previous years. Will receive a Crown Castle Signing Bonus (approved last week) form the Communication Tower's new contract.

Councilman Marrone: Inquired about the Occupancy Tax.
J. Thompson: Clarified that the City gets 2% of the hotel revenue.

Council President LaRotonda: Asked whether the rate could be increased.

J. Thompson: Unsure, but shared there might be a way to add a municipal tax onto the Occupancy tax. Indicated that it is something that the City can look into at a future date. Next, pointed out the money from the American Rescue Fund (already spent). The State is providing some Municipal Relief Aid. Since the Absecon Library joined the Atlantic County Library System, they give the City rent for the building (City still pays for the electric and other miscellaneous bills). The Tax Levy is increased by 4-cents, as previously discussed. When considering the anticipated 2024 expenses, revenues, and surplus, the budget proposed is balanced. If Council is satisfied with the contents therein, it will become the City's official Budget. Next, explained the Fund Balances. Over the last several years, the City has been using a substantial amount of their fun balance to maintain a balanced budget. The City has increased their use of the fund balance from 53% to 64%. Expects to maintain the City's high tax collection rate and to also receive the $200K LEAP Grant awarded 2 years ago. Urged Council to be cautious of the risks related to high utilization of the fund balance.

Councilman DeRose: Reassured by the comparison of data pertaining to City's current situation with data from former years. After reviewing the historical trend, expressed a more optimistic perspective.

J. Thompson: Detailed the City's Sewer Budget. Included in the budget are numerous salaries, operating expenses. Reminded Council how 400+ Absecon residences use Pleasantville sewer pipes. For many years, under contract, Absecon used to bill those residents directly, conducted maintenance, and provided payment to Pleasantville. Last year, Absecon and Pleasantville came to a new agreement in which gave Pleasantville the responsibility of directly billing the residents utilizing their sewer pipes. At this time Absecon decided to raise their sewer rate so that it more closely matched Pleasantville's sewer rate. The cost of Wastewater with the ACUA decreased a small amount. The Capital Outlay listed on the budget is for pipe lining work on Meadowview. Believes this year the City will conduct a study to determine the status of the City's infrastructure.

E. Dennis: Provided correction by informing Council that while the City would still be conducting televised inspection, it would be reduced from $50k to $30k. Clarified that the study referred to is actually a Mapping Project.

Councilman DeRose: Added that the Mapping Project is state mandated.

E. Dennis: His records indicate that the 2024 Budget would dedicate $30k to televising and $30k to the Mapping Project.

J. Thompson: Reminded Council that there is about $460k in the Sewer Fund Balance. In order to offset the budget, the City will use $220k which will leave about $200k remaining.

E. Dennis: In 2023, they conducted $50k worth of televising. This year, they decided to reduce the amount of work to $30k. Separately, the Mapping Project consists of both storm mapping and sewer mapping. The City has a $25k grant for the storm mapping, but $30k would be needed for the sewer mapping.

J. Thompson: Announced that she could take $30k from the Fund Balance and include it in the Budget for the sewer mapping.

Council President LaRotonda: Asked if any Councilmembers would be opposed to that action.

Councilwoman Cain: Asked for clarification.

J. Thompson: $30k is already budgeted for the televising, but it has been suggested to budget an additional $30k for sewer mapping.

Councilman Clark: Asked whether the mapping ought to be done at the same time.
E. Dennis: Confirmed.

J. Thompson: When the additional $30k is budgeted for sewer mapping, the remaining Sewer Funds equal $236k.

Councilman Marrone: Asked for specifications about what Pleasantville is responsible for in the Cities new sewer agreement.
E. Dennis: That information is TBD. The intention is to discuss the specifics during the next contract negotiations.

J. Thompson: Explained that the 2024 Capital Budget includes $1m Road Program (5% of the $50k for authorized debt). Reallocated Capital funds will be budgeted for other Capital Projects.

Councilman Light: Asked whether the City received a grant for an access ramp at City Hall.
E. Dennis: Confirmed. Explained that they are applying for a grant of $100k (maximum), however the item is currently budgeted for $50k, in case they do not receive $100k. The full cost of the Recreation Project (including pickleball courts) is $125K.

Councilwoman Cain: There has been previous discussion about resurfacing the Tennis Courts. Has heard that the school may be installing pickleball courts. Asked for a breakdown of costs.

E. Dennis: The additional cost of the pickleball courts for the Recreation Project is about $25k. If they wanted to just repair the present courts, the cost would be $100k.

Councilman DeRose: If there was public access to the school's pickleball courts, does not believe the City needs to include it in their Project.

Councilman Clark: Pointed out the potential issue if people want to use the courts during the school day.

Council President LaRotonda: Commented that there is still a place to play pickleball at the tennis courts.

Councilman Marrone: Suggested they budget the $125k in, and if they end up not spending it, there's no harm.

J. Thompson: Informed Council that the specific items being discussed are not going to be specifically listed in the Budget. There will just need to be an Ordinance to move money. If the money is not moved to this specific project, it will be available for something else. Projects are usually discussed separately so that it may be discussed in further detail. Asked Council if they would like to introduce an Ordinance for reallocation at the next meeting, so that work may begin sooner rather than later.

Councilman Clark: Prefers the Ordinance be introduced ASAP. Commented the urgent need for a new baseball net.

J. Thompson: Reminded Council that reallocations require 2 meetings (introduction and approval) and then a 20-day waiting period. For the Road Program, the time required includes adopting the budget, passing a bond ordinance, etc. Emphasized the need to act. Will finalize the Budget for introduction next week.

Council President LaRotonda: Asked the final conclusion for new hires with the Police.

J. Thompson: Included an additional officer at 25% of the year, and a PT OPRA employee percentage of the year.

Council President LaRotonda took a poll among Council to see if they are comfortable with accepting this final budget and introducing it at their following meeting.
Councilman Light: Yes.
Councilman Clark: Yes.
Councilman Marrone: Yes.
Council President LaRotonda: Yes.
Councilman DeRose: Yes.
Councilwoman Cain: Yes.
Councilwoman Parker: Yes.

PUBLIC PORTION – (Agenda items only)
Motioned to open to the public: Councilman Light; Seconded: Councilwoman Cain
All in Favor, None Opposed.

No discussion.

Motioned to close to the public: Councilman Light; Seconded: Councilman DeRose
All in Favor, None Opposed.

ADJOURNMENT

Motioned to adjourn: Councilman Light; Seconded: Councilman Marrone
All in Favor, None Opposed.

Respectfully submitted,

Carie A. Crone

Carie A. Crone, City Clerk

Approved: 4-4-24