

**Pennington Borough Council
Regular Meeting – March 12, 2012**

Mayor Persichilli called the Special Meeting of the Borough Council to order at 6:05 pm. Borough Clerk Betty Sterling called the roll with Council Members Dunn, Griffiths, Heinzl, Ogren, and Tucker in attendance. Council Member McClurg-Doldy arrived at 6:10 pm.

Also present were Public Works Superintendent, Jeff Wittkop, Chief Financial Officer, Sandra Webb and Public Safety Director, Bill Meytrott.

Mayor Persichilli announced that notice of this meeting has been given to the Pennington Post, Hopewell Valley News, The Times of Trenton and The Trentonian and was posted on the bulletin board in Borough Hall and on the Borough web-site according to the regulations of the Open Public Meetings Act.

Mayor Persichilli invited everyone to stand for the Flag Salute.

Open to the Public – Agenda Items Only

Mayor Persichilli read the following statement:

Meeting open to the public for comments on items on the agenda for which no public discussion is provided. In an effort to provide everyone interested an opportunity to address his or her comments to the Governing Body, a public comment time limit has been instituted for each speaker. **Please come forward and state your name and address for the record. Please limit comments to the Governing Body to a maximum of 3 minutes.**

There were no comments from the public.

Budget Presentation

Mr. Griffiths distributed handouts of a revised budget scenario. Mr. Griffiths stated that as the discussion progresses he can keep track of changes and tentatively report the consequences of any decisions that are made. Mr. Griffiths stated that once changes are made, Sandy and Betty will verify the numbers and come up with a completed budget. Mr. Griffiths stated that the budget that was introduced on March 5th reflected a 6.3 percent tax increase. Mr. Griffiths stated that as Council discusses this budget it is important to note that each \$21,500 of expense is equal to a 1 percent tax increase. Mr. Griffiths stated that the recommended budget is very tight and there is really no padding. Mr. Griffiths stated that the risks of tight budgeting are that if there are unforeseen expenditures in 2012, we will end up with a larger operating deficit in 2013. Mr. Griffiths stated that the recommended tax revenue is \$2,149,528, which is slightly less than the amount that was raised in 2008 and is an increase of \$49,000 versus 2012. Mr. Griffiths stated that this is a revenue increase of 2.3 percent and requires a rate increase of 1.1 cents. Mr. Griffiths stated that property valuations are down 3/10ths of a percent which is actually the least reduction that we have had since 2008 and hopefully that means that Pennington is bottoming out and we will hit a stable valuation next year.

Mr. Griffiths stated that in order to hold taxes the past three years, revenues have decreased. Mr. Griffiths stated that there are additional revenue sources and the finance committee is looking into increases some of the fees charged. Mr. Griffiths stated that some of the fees that are being looked at are dump truck rental, construction code fees and Pennington School residents who do not pay for trash services.

Mr. Wittkop stated that a while ago, a discussion took place regarding charging the Pennington School for trash pickup and what was decided was that trash is part of the property tax bill and since the Pennington School is tax exempt they can not be charged. Mr. Wittkop stated that the Borough does not pick up all of the residences. Mr. Wittkop stated that a while ago he worked out with Mr. Cifelli of the Pennington School that they would pick up half and the Borough would pick up the other half. Mr. Wittkop stated that public works picks up West Delaware Avenue and the school picks up Green Street. Mayor Persichilli stated that he would be willing to talk to the Pennington School to see if something could be worked out.

Mr. Griffiths stated that the strategy for appropriations was to try to hold each line item to the 2011 amount unless an increase was justified. Mr. Griffiths stated however, that some major reductions are being recommended. Mr. Griffiths stated that the first reduction is Police Salaries from \$493,000 to \$465,000. Mr. Griffiths stated that Mr. Meytrott was consulted and he indicated that the Police Department could work with that amount for salaries. Mr. Griffiths stated that the Streets Other Expense budget has been cut from \$78,000 to \$66,500 and Shade Tree Other Expense from \$12,500 to \$5,000. Mr. Griffiths asked Mr. Wittkop if he would like to comment on these cuts. Mr. Wittkop stated that he and Betty reviewed the numbers this afternoon. Mr. Wittkop stated that the reason that the streets other expense budget was so low last year was due to FEMA reimbursements, but actual expense for 2011 was \$ 79,000. Discussion took place as to what sort of expenses get charged to the streets budget. Mr. Wittkop stated that a lot of the difference in expenses from year to year has to do with snow. Mr. Wittkop stated that one snow storm can be quite costly. Mr. Wittkop stated that on average his expenses run around \$76,000.

Mr. Ogren stated that Shade Tree spent the entire amount budgeted last year. Mr. Ogren stated that there are a lot of trees that need to come down due to bacterial leaf scorch and some of the trees that need to come down are very large pin oaks which will be quite costly to take down. Mr. Ogren stated that he would like to

see this budget restored to the original amount. Mr. Ogren stated that this problem is ongoing from year to year and to defer charges from one year to another would just amount to a bigger problem next year.

Mr. Wittkop stated that throughout the year, they compile a list of trees that look like they will need to come down and that list is given to the Shade Tree Commission who in turn go out and look at the trees and from that a list of takedowns is compiled. Mr. Wittkop stated that last year the budget was tight and he does not see where this year will be different. Mr. Ogren stated that the Shade Tree Commission would like to be able to replace trees that are taken down.

Mr. Meytrott stated that originally the budget took into account a six person police department. Mr. Meytrott stated that the proposed salary figure contemplates a five person police department for the year 2012. Mr. Meytrott stated that he thinks that they will be able to function with five officers as long as no one gets hurt or is out for an extended period of time. Mr. Meytrott stated that the overtime built into the budget should be reduced once the position is filled. Mr. Meytrott stated that this budget is very tight and he would not recommended continuing this trend going forward, but for the year 2012 it is a workable number.

Mr. Griffiths stated that the next item for discussion is engineering. Mr. Griffiths stated that this budget has been cut from \$100,000 to \$37,000. Mr. Griffiths reviewed budget items submitted by Carmela Roberts. Mr. Griffiths stated that \$17,000 has been budgeted for Sked Street construction in the event that there are not funds available within the grant for construction engineering. Mr. Griffiths stated that the grant award for Sked Street was \$277,000 and the construction estimate is \$267,000 so depending on how bids come in the \$17,000 may not be needed. Mr. Griffiths stated that also included, though not necessarily in the engineering budget are \$25,000 for relocation of a pole under the Safe Routes to Schools project and \$4,850 which is a match for the grant to do the landfill study.

Mr. Griffiths stated that with regard to the pole relocation, there are a couple of variables, one is that we will need bids or quotes for the work and then for the sake of prudence, we would want to know that the revised location will be approved so that we can then get reimbursed the remaining funds due for this project. Mayor Persichilli asked if anyone approached PSE&G to see if they would help us out with this problem. Mr. Ogren stated that he has not asked. Mayor Persichilli stated that he would contact Frank Lucchesi and see if something could be done.

Mr. Ogren stated that he would like to suggest that the \$25,000 be put in the engineering budget and the reason why is that if we do not have to spend the money on the pole relocation he would like the money to be available for engineering. Mr. Ogren stated that the engineering budget has been severely cut. Mr. Ogren stated that the Downtown Streetscape project design work is not included in the engineering budget and he thinks it is important to budget some of the funds this year for that project so that it can go out to bid early next year. Mr. Griffiths stated that if the \$25,000 has to be used for the pole relocation, can the project be pushed into 2013. Mrs. Heinzl pointed out that we do not even know if we are going to be awarded the grant. Mr. Ogren stated that the optimum solution would be to budget the full \$45,000, however as a compromise it could be split up. Mr. Griffiths stated that he recalls reading an e-mail indicating that the project could be pushed back to 2013. Mr. Ogren stated that deferring charges to 2013 will only make next years budget more difficult. Mr. Griffiths explained that this year we are also dealing with the decrease in available surplus due to the \$310,000 interfund which hopefully will be cleared up once we receive reimbursement on the outstanding grant projects. Mr. Griffiths stated that in addition Brandywine will be coming on the tax rolls next year and that will also help.

Mr. Griffiths stated that items not included in this budget are Streetscape Engineering of \$45,000, Lawrence Hopewell Trail funding, the Borough Business Manager position of \$30,000 and funds for trees at the public works facility.

Mr. Griffiths reviewed the water/sewer billing tier system for Council. Discussion took place regarding properties that only pay for sewer or do not pay for water or sewer etc. Mr. Griffiths stated that last years revenue less expense produced a deficit of \$19,000. Mr. Griffiths referred Council to a table he did with a weighted average 3% increase which would be necessary to close the gap in revenue vs. expenditures. Mr. Griffiths stated that these rates would result in an increase of \$1.67 per month for water and sewer for the average homeowner.

Mr. Griffiths stated that other ideas to get additional revenues were to charge for bulk water and to charge a fee to shut off and turn on the water at the curb. Mr. Wittkop stated that another charge that could be looked at is the house inspection fee. Mr. Wittkop stated that currently the charge is \$60.00. Mr. Wittkop stated that they require two weeks notice to schedule these inspections but sometimes they don't get any notice at all so he would like to see the rate doubled for requests without two weeks notice.

Mr. Wittkop stated that another source of revenue might be to charge for bulk water. Mr. Wittkop stated that presently our ordinance does not allow for him to charge for what is involved when someone makes a request for bulk water. Mr. Wittkop stated that someone recently wanted to come in with a tanker and pick up 6,000 gallons at a time and the present ordinance only allows him to charge for the water. Mr. Wittkop stated that in order to accommodate this request someone has to hook up a special device to the fire hydrant, wait while the tanker is filled and then remove the device. Mr. Wittkop stated that in the current ordinance there is no mechanism to charge for his time. Discussion followed as to how much to charge. Mr. Wittkop stated that it might not come up very often, but he would suggest \$200.00 per tanker plus gallons. Council discussed the charge to shut off and turn water back on and agreed on \$100.00 to shut off and \$50.00 to turn back on.

Mr. Griffiths stated that water and sewer appropriations for 2012 remain the same as last year. Mr. Griffiths stated that other expense last year was \$222,000 and actual expenditures were \$155,000. Mr. Griffiths stated that this years request is \$217,000 for other expense. Mr. Wittkop stated that the only items he asked for were \$5,000 for leak detection, \$6,000 for raising the control panel at Sked Street pump station and \$2,500 for the water tower inspection. Mr. Griffiths stated that if we could reduce the other expenses to \$195,000 then possibly the rate increase could be put off. Mr. Griffiths asked Mr. Wittkop to look at the numbers. Mr. Griffiths stated that if the other expense number could be lowered he would still recommend a small rate increase to avoid a large increase next year.

Mr. Griffiths stated that the next thing he would like to address is grant implementation. Mr. Griffiths stated that grants are an important part of the budget for Pennington, because grants allow us to rebuild infrastructure that we would otherwise not be able to afford. Mr. Griffiths stated that in the case of streets, which have a twenty to thirty year life span, we would have to replace on average 300 to 500 feet of streets each year in order to rebuild the town in a twenty to thirty year cycle. Mr. Griffiths stated that these grants take a lot of time and effort and require support from Council. Mr. Griffiths stated that prior to this year grants were handled with minimal exposure to the Borough. Mr. Griffiths stated that with the number of grants increasing we are seeing a financial pile up of grants and that is how the Borough has gotten into the position we are in this year where reimbursements are not coming in to cover expenditures that were made. Mr. Griffiths stated that the finance committee is working to get a handle on grants for budgeting purposes. Mr. Griffiths stated that it is critical to have a time line, showing application date, bid deadlines and completion deadlines, amounts needed up front and documentation of terms and conditions to avoid surprises and to make sure the adequate audit trails are in place.

Mr. Griffiths stated that the first grant he would like to discuss is the Lawrence Hopewell Trail. Mr. Ogren stated that what Pennington is going to do is provide a connection from Pennington at the end of King George Road so that we can link up to the regional amenity. Mr. Ogren stated that right now the only way to get to the trail is Pennington Rocky Hill Road and there are no shoulders on that road and riding your bike on that road is hazardous. Mr. Griffiths asked if the federal appropriation of \$267,000 will expire and Mr. Ogren responded no. Mr. Griffiths reviewed what we know about this project which is that the cost estimate is \$543,000. Mr. Griffiths stated that the total project is 13/100ths of a mile which amounts to \$856.47 per foot. Ms. Heinzel stated that this link will ultimately link Pennington to a 20 mile loop trail and that should also be considered. Mr. Ogren stated that the actual cost estimate for construction is \$425,000. Mr. Ogren stated that reason the cost is high is that the project involves a six hundred foot retaining wall and out of the \$425,000 cost estimate less than \$40,000 is for the actual bike trail. Mrs. Dunn stated that once Pennington does this work, Bristol Myers Squibb has to construct the actual connector to the trail. Mr. Griffiths asked if that was committed and Mr. Ogren responded yes. Mr. Ogren stated that there will be no costs to the Borough for this project.

Mr. Griffiths stated that projected funding for this project is the federal appropriation of \$266,760, a recreation trails grant of \$24,700 and a NJ DOT grant of \$184,000. Mr. Griffiths stated that we have not received approval for the DOT grant and his understanding is that if the grant application is denied the \$184,000 would come out of Open Space Funds. Mr. Griffiths stated that the Open Space Fund will also be pitching \$5,500 for engineering. Mr. Griffiths stated that he would like to see documentation as to deadlines and expiration dates on this project. Mr. Ogren stated that there is no expiration date on the federal appropriation which is from the 2009 budget, however once the federal authorization for the project is given which could be within the next month, we are obligated to go out to bid within 60 days. Mayor Persichilli asked if there are any costs to the Borough for this project and if so, what. Mr. Ogren stated that the only costs would be from the Open Space Trust Fund. Mr. Griffiths asked if these expenditures from the Open Space have been authorized. Council discussed the requirements for spending Open Space Funds. Mr. Ogren stated that Carmela Roberts has estimated construction phase engineering costs at \$56,000 and that will be covered under the grants. Ms. Dunn asked if the Open Space Commission will be providing a recommendation that the Open Space Funds can be used for this purpose. Mr. Ogren stated that the Open Space Commission can provide that to Council. Mr. Ogren stated that the federal authorization should be coming through soon, they are waiting for two conditions to be met, one is relocation of the guy lines and the second is a plan from Mercer County for replacement of the guide rail and that should be done this week. Mr. Ogren stated that hopefully we will get word on the \$184,000 grant soon. Mr. Griffiths asked if the Borough will have to provide any money in advance for any expenditures made. Mr. Ogren stated that we would. Mr. Griffiths stated that the Borough cannot finance this project and the only way it can be done is with a bond issuance which will require interest payments so that does become a Borough expense and that is how we got into trouble this year.

Mr. Ogren explained that part of the problem with the Safe Routes to Schools project was that the flashing signals that were installed were very new technology and had received interim approval from the Federal Highway Administration, the engineers were not familiar with the technology and it was just a perfect storm. Mr. Ogren stated that he does not anticipate any design issues with the bike path. Mr. Griffiths stated that if Council is going to support this project we have to borrow money up front. Mr. Griffiths stated that for him to be comfortable with this he would need to see a schedule of what needs to be borrowed up front, when that will take place and when reimbursements will come in. Mr. Ogren stated that once the project goes out to bid he could work with Carmela Roberts to come up with a plan. Mr. Griffiths stressed to Mr. Ogren that until a note is authorized for this project there is no money for this project.

Mr. Griffiths stated that the next thing to discuss is the Open Space Fund. Mr. Griffiths stated that the Curlis Lake Project is projected at \$600,000 with funding sources being a Green Acres Grant, Mercer County Grant and \$190,000 of Open Space funds. Mr. Griffiths reviewed the trail expenses that could be charged to open space and stated that the potential exposure on the Open Space fund is about \$380,000. Mr. Griffiths stated

that this is not a bottomless fund and it is important to keep track of commitments to this fund. Mr. Griffiths stated that some discussion took place at a finance meeting about using Open Space Funds for parks and in the interest of Pennington Borough residents that should be looked into as well. Council briefly discussed possible uses for funds at the park if allowed and decided that a legal opinion should be sought to determine if funds could be used for maintenance of Borough owned parks.

Mr. Griffiths asked Mr. Ogren to explain why the Borough is not being reimbursed for money expended on the Safe Routes to Schools project. Mr. Ogren stated that County supported the location of the flashing light and the federal inspectors came in and said it needs to be on the other side of the street. Mr. Ogren stated that the reason that the flashing light was not put on the other corner is because there is a pole there and now the federal inspectors are saying that the pole needs to be moved so that the flashing light can be moved. Mr. Griffiths asked why the government is not paying the cost to relocate since they approved the original plans. Mr. Ogren stated that is a good question and first and foremost is the question of does the pole even have to be moved and the second question then is who pays for it and as far as he is concerned NJDOT should pay for it. Mr. Ogren stated that this change is a federal requirement and they will not release funds until it is satisfied. Mrs. Dunn asked if we have quotes to move the pole. Mr. Ogren stated that he would need quotes from three different utilities and he was not going to do that until they made a decision.

At 7:40 Council took a brief recess so that Mr. Griffiths could make the changes to his spreadsheet.

Mr. Griffiths reviewed the changes that were made to the proposed budget: \$15,000 for Borough Manager, Engineering up to \$62,000 to include \$25,000 for pole relocation and \$4800 for the match for the landfill grant, Shade Tree back to \$12,500, and Streets Other Expense back to \$80,000. Mr. Griffiths stated that total appropriations are now \$3,118,103 which means that we would need to raise \$2,225,686 in taxes. Mr. Griffiths stated that this is a 4.1 percent revenue increase and a 4.8 percent rate increase. Mr. Griffiths stated that amounts to \$85.00 per household. Mr. Griffiths stated that the tax rate is .442 which is an increase of 2 cents. Mr. Griffiths stated that Sandy and Betty will need to confirm these numbers. Mr. Griffiths stated that this scenario does not take into account any additional revenue from fees that may be increased and does not contemplate interest for a bond issue to fund the trail project.

Mayor Persichilli thanked Mr. Griffiths and the finance committee for their work and stated that he learned more from tonight’s presentation than he has in all his years on Council. Mayor Persichilli stated that this year the situation has forced Council to be more involved in the process. Mr. Griffiths distributed a press release that he prepared for Council to review, though the numbers need to be changed. Mr. Griffiths asked that Council review the release and let him know of any changes.

Mr. Griffiths thanked Betty and Sandy for their hard work on the budget. Mayor Persichilli suggested that several times a year Council should receive an update of revenues and expenditures.

Council briefly discussed potential costs associated with the Safe Routes to Schools pole relocation and also the possibility of reducing water sewer expenditures and either holding off or lowering the percentages proposed on the water/sewer rate increase ordinance. Mr. Griffiths asked CFO, Sandy Webb to look at the water sewer numbers.

Mr. Meytrott reminded Mayor and Council of the Joint Insurance Fund training for Municipal Officials. Mr. Meytrott stated that there are four sessions coming up and the Borough gets \$250.00 for each official who attends. Mr. Meytrott stated that he put a copy of the schedule in each mailbox.

Mr. Griffiths stated that one other exposure item that needs to be looked into is payment of health benefits for employees out on leave of absence. Mr. Griffiths stated that we had this problem with a police officer who was out on extended leave and now with a public works employee who has been out for several months. Mr. Griffiths asked that the personnel committee look into this as part of the review of the personnel manual.

New Business

**BOROUGH OF PENNINGTON
RESOLUTION 2012 - 3.9**

**RESOLUTION AUTHORIZING THE PROPER OFFICIALS OF THE BOROUGH OF
PENNINGTON TO EXECUTE AN AGREEMENT FOR CONTINUED PARTICIPATION IN THE
HOME INVESTMENTS PARTNERSHIPS PROGRAM
CONSORTIUM WITH THE COUNTY OF MERCER**

WHEREAS, the HOME Investment Partnerships Program seeks to expand the supply of decent and affordable housing, particularly rental housing, for low and very low income Americans; and

WHEREAS, the HOME Investment Partnerships Program seeks to strengthen the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and

WHEREAS, the HOME Investment Partnerships Program seeks to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing; and

WHEREAS, the HOME Investment Partnerships Program provides state and local governments with the flexibility to decide what kind of housing assistance, is most appropriate for meeting their housing needs; and

WHEREAS, the HOME Investment Partnerships Program encourages state and local governments to use HOME funds efficiently and to undertake the most cost-efficient housing activities requiring the smallest state and local matching contributions for Federal funds; and

WHEREAS, in order to qualify for funding under this program, a municipality or consortium of municipalities must have a minimum “critical housing need” of \$500,000.00; and

WHEREAS, the City of Trenton is the only municipality within Mercer County eligible, on an independent basis for HOME Investment Partnerships Program funds; and

WHEREAS, the remaining Mercer County municipalities interested in participating in the HOME Investment Partnerships Program must pool together into a consortium to be eligible for funding; and

WHEREAS, there is no cost to municipalities to participate in the Mercer County HOME Investment Partnerships Program Consortium, aside from the required matching funds for any project a municipality may undertake; and

WHEREAS, the Mercer County HOME Investment Partnerships Program Consortium would be a source of funding for a project the Borough of Pennington may undertake in its own affordable housing program without requiring the Borough of Pennington to undertake any specific projects; and

WHEREAS, participation by the Borough of Pennington in the Mercer County HOME Investment Partnerships Program Consortium would be beneficial to its relations with other Mercer County municipalities, as a whole, meet the eligibility requirements for participation in the HOME Investment Partnerships Program;

NOW, THEREFORE BE IT RESOLVED, by the Borough Council of the Borough of Pennington that participation in the Mercer County HOME Investment Partnerships Program Consortium is hereby endorsed; and

BE IT FURTHER RESOLVED, that the Mayor and the Municipal Clerk are hereby authorized and directed to execute said Mercer County HOME Investment Partnerships Program Consortium Agreement.

Record of Council Vote on Passage

COUNCILMAN	AYE	NAY	N.V.	A.B.	COUNCILMAN	AYE	NAY	N.V.	A.B.
Dunn	X				McClurg-Doldy	X			
Griffiths	X				Ogren	X			
Heinzel	S				Tucker	M			

Council Member Tucker made a motion to approve Resolution 2012-3.9, second by Council Member Heinzel with all members present voting in favor.

**Borough of Pennington
Resolution #2012-3.10**

**RESOLUTION AUTHORIZING AMENDMENTS TO THE
2012 TEMPORARY BUDGET**

WHEREAS, the 2012 Budget for the Borough of Pennington has not been adopted; and

WHEREAS, additional funds are necessary to meet various obligations of the Borough of Pennington;

NOW, THEREFORE, BE IT RESOLVED, that the following additional appropriations be made in the 2012 Temporary Budget for the Current Account.

Workers Comp (First Aid)	Other Expense	\$ 23,482.00
Total		\$23,482.00

BE IT FURTHER RESOLVED, that the following additional funds be appropriated for the 2012 Temporary Budget for the Water and Sewer Fund:

Liability & Other Insurance	Other Expense	\$ 5,000.00
Workers Compensation	Other Expense	\$ 5,000.00
TOTAL		\$ 10,000.00

Record of Council Vote on Passage

COUNCILMAN	AYE	NAY	N.V.	A.B.	COUNCILMAN	AYE	NAY	N.V.	A.B.
Dunn	X				McClurg-Doldy	S			
Griffith	X				Ogren	X			
Heinzel	M				Tucker	X			

Council Member Heinzel made a motion to approve Resolution 2012-3.10, second by Council Member McClurg-Doldy with all members present voting in favor.

Public Comment

Mayor Persichilli read the following statement for anyone interested in speaking before Council:

Please come forward and state your name and address for the record. Please limit comments to the Governing Body to a maximum of three (3) minutes.

There were no comments from the public.

At 7:55 PM, Council Member Dunn made a motion to adjourn the meeting, second by Council Member McClurg-Doldy.

Respectfully submitted,

Elizabeth Sterling
Borough Clerk