

**VERNON TOWNSHIP COUNCIL
SPECIAL MEETING MINUTES
MARCH 20, 2024**

The Special Meeting of the Township Council of the Township of Vernon was convened at 9:00 a.m. on March 20, 2024 in person and via Zoom Webinar and in the Vernon Municipal Center, 21 Church Street, Vernon, New Jersey with Council President Patrick Rizzuto presiding.

STATEMENT OF COMPLIANCE

Adequate notice of this meeting has been provided to the public and the press on March 12, 2024 and was posted on the bulletin board in the Municipal Building in accordance with the Open Public Meetings Act, N.J.S.A. 10:4-7. The purpose of this meeting is to discuss the Township Budget.

SALUTE TO THE FLAG

Council President Rizzuto led the assemblage in the salute to the flag.

ROLL CALL

Present were Council Members Natalie Buccieri, William Higgins, and Council President Rizzuto. Also present were Mayor Anthony Rossi, Business Administrator Tina Kraus, Municipal Clerk Marcy Gianattasio and CFO Donelle Bright.

Council Member Sparta was not present.

Council Member DeBenedetto entered the meeting via Zoom webinar at 9:35.

MAYOR COMMENT

Council President Rizzuto and other Members of the Council:

During the past few months, Chief Financial Officer Donelle Bright, Administrator Tina Kraus and I, have been meeting with municipal department heads and reviewing/discussing their budget related departmental requirements/plans for 2024. The entire staff started their 2024 budget development process with the direction that they look for cost savings opportunities in every departmental line item.

The municipal budget development process and the related statutory budget deadlines are governed and directed by the New Jersey Division of Local Government Services, which has the statutory responsibility for developing and implementing State of New Jersey rules and regulations on the fiscal operations, the fiscal reporting and overseeing the fiscal condition of all New Jersey municipalities.

The following are the four key statutory budget deadlines and processes that the New Jersey Division of Local Government Services require all municipalities to meet and follow:

1. THE STATUTORY DEADLINE AND PROCESS RELATED TO THE DEVELOPMENT OF THE MUNICIPAL BUDGET - - The Mayor is required to provide one public hearing, which must take place during the month of November, where the department heads review their budget requests with the Mayor. That statutory requirement was met on *November 27, 2023*.
2. THE STATUTORY DEADLINE FOR THE MAYOR TO PROVIDE THE COUNCIL A COPY OF THE PROPOSED MUNICIPAL BUDGET - - The Mayor is required to officially submit the proposed municipal budget to the Council for review *not later than the first meeting after February 27 (March 11, 2024)*. The proposed 2024 Municipal Budget was provided to the Council on March 1, 2024.
3. THE STATUTORY DEADLINE FOR THE COUNCIL TO INTRODUCE THE MUNICIPAL BUDGET AT A PUBLIC COUNCIL MEETING - - The Council is required to introduce the municipal budget at a public Council meeting *not later than the first meeting after March 29 (April 8, 2024)*. At the Council meeting where I will ask the Council to introduce the 2024 Municipal Budget, I will have the Chief Financial Officer to provide the public and the Council a PowerPoint presentation covering the key aspects of the 2024 Budget.
4. THE STATUTORY DEADLINE FOR THE COUNCIL TO APPROVE THE MUNICIPAL BUDGET AT A PUBLIC COUNCIL MEETING - - The Council is required to approve the municipal budget at a public Council meeting *not later than the first meeting after April 30 (May 13, 2024)*.

his budget, as it is proposed, has been developed with a focus on the achievement of five key goals. These five key goals are:

1. To maintain the level of services that our town is required to provide, or has committed to providing, while at the same time looking for areas where we can operate in a more effective and efficient way;
2. To continue our ongoing road improvement program, and to replace, in an efficient and financially responsible manner, town vehicles and equipment that are beyond their useful lives;
3. To continue to pay down our debt and create a pay-as-you-go system for short-lived capital expenses;
4. To continue to make repairs and improvements to township properties so as to avoid even larger improvement costs in the future; and ...
5. To ensure *Vernon stays Business Friendly*, encouraging businesses to establish themselves in Vernon Township, working with developers to meet needs of residents, and increase the commercial ratable base.

The final budget that the Administration presented to the Council in 2023 resulted in a zero percent increase in municipal taxes. The Township was able to achieve this objective by: using over \$2mil from the Municipal Fund Balance - - which is the town's savings account where it maintains funds to cover the costs of those unforeseen, unknown and unknowable expenses that pop up from time to time; and ... While the use of fund balance that the town has generated over time was critical to the Mayor and Council's achievement of the objective of delivering a zero percent increase in the municipal portion of the taxes for 2023, it also masked the average 3.4% increase that the town had to pay for the basic operations of municipal government. This was after the fund balance used in 2022 masked the nearly 6% increase in operations.

The Township has anticipated \$1.75mil in fund balance use this year, which still masks the increases in costs that must be considered in the 2024 budget. The Township has had to absorb the increased costs in 2022, 2023, and 2024, which is reflected in its use and depletion of fund balance as well as the reflected 2024's budget increase.

For 2024, the cost of all of the goods and services that both, our town's residents and their municipal government, must purchase as a routine part of our existence will cost even more than normal because of the still-high rate of inflation caused by world-wide supply chain problems, a nation-wide shortage of workers and materials, negative impacts from the wars across the globe, and politics on the national stage here at home in the United States.

In addition, this year we are faced with some specific, unusual, and very high-cost increases that we have no way of avoiding. For example:

1. **We are forced to absorb a 12.58% increase in the funds we must pay into the State Retirement System (PERS) for our non-law enforcement municipal employees;**
2. **We are forced to absorb a 11.42% increase in the cost we must pay for the Reserve for Uncollected Taxes as a result of large properties not paying current year taxes owed;**
3. **We are forced to absorb a 8.2% increase in the cost we must pay SCUMA to treat the sewage we send them;**
4. **We are forced to absorb a 6.96% increase in the cost we must pay for Worker's Compensation Insurance for our municipal employees; and ...**
5. **We are forced to absorb a 6.25% increase in the cost we must pay for General Liability Insurance;**
6. **We are forced to absorb a 6.16% increase in the funds we must pay into the State Retirement System (PERS) for our municipal law enforcement employees;**

7. **We are forced to absorb a 5.5% increase in the cost we must pay for the Health Benefits for our municipal employees (though this is still a savings for 2024 in comparison to prior years under the State Health Benefits Plan);**
8. **We are forced to absorb a 3.99% increase in the funds we must pay into debt expenses, for prior years capital expenditures;**

As a result, in this year's budget, we are forced to deal with and recognize not only this year's inflationary costs, but also the inflationary costs of 2023 and the prior year's inflationary costs as well.

In developing this year's municipal budget, I have chosen to use \$1.75mil from the Municipal Fund Balance---solely in my attempt to reduce the 2024 municipal portion of taxes to the smallest increase possible, while still being responsible to the tax payers and ensuring they are not met with a much larger increase in future years. This year's budget, as it is proposed, totals \$31,632,390, a 1.9% increase over last year's budget. The net result is that municipal taxes are anticipated with an increase of 4.5%.

As a way of measuring the financial impact that this proposed municipal budget would have on our town's taxpayers, the average increase in municipal taxes on the average home assessed at \$289,700, would be \$75 per year, or \$6.27 per month.

WHERE AND HOW THE MAJORITY OF 2024 MUNICIPAL TAX DOLLARS WILL BE SPENT

Just seven major categories account for almost 90% - - of the total dollars in this year's budget.

Those seven categories are:

1. The category that covers the cost of our Police Department and Emergency Volunteer Services Budgets, and includes our *Law Enforcement Officer's salaries and wages*; the *Police Department's administrative office and equipment supplies*; the *Radio Dispatch Services for our Police Department*, plus our *Volunteer Fire and Ambulance services*; and our town's *Animal Control needs*. At \$5.7mil this category consumes 18% of the total budget.
2. The category that covers our town's Debt Payments, and the town's Cash Payments for Required Capital Projects. This category includes \$3.415mil in debt payments. The cash payments include amounts that:
 - We plan to use this year to complete required municipal capital projects - - by paying for these required capital projects with cash, we will be able to avoid incurring additional burdensome debt;
 - **We are setting aside to be able to pay for known/anticipated future large dollar purchases/leases such as needed Police, DPW, Fire Department and EMS large equipment and vehicles; and ...**

At \$5.1mil, this category consumes 16% of the total budget.

3. The category that covers our payments for our Employees' Health Insurance, Unemployment Insurance, Workers Compensation Insurance, and Other Insurance. At \$4.6mil, this category consumes 14% of the total budget.
4. The category that covers our town's Sewage Treatment Payments to the Sussex County Municipalities Utility Authority (SCUMA), plus our town's annual Utility Bills. At \$3.4mil this category consumes 11% of the total budget.
5. The category that covers our payments for Road Repairs & Maintenance, our Building & Grounds and Parks Maintenance, and our Recycling Center & Fleet Management. At \$3.3mil this category consumes 10% of the total budget.
6. The Reserve for Uncollected Taxes. This is the category that covers the amount of funds that sound accounting practices require that we add to our budget to cover the dollar amount of taxes that our experience tells us that we are not likely to collect during the given budget year. Based on our 2023 tax collection rate of 96.67%, the dollar amount that we are required to include in this year's budget is \$2.8mil, or 9% of the total budget.

7. The category that covers our Statutory Obligations, such as Social Security, Retirements & Defined Contribution Payments, plus Reimbursements that the Town is required by law to pay to Private Lake and other Private Communities under the Municipal Services Act, better known as the Kelly Bill. At \$3.2mil this category consumes 10% of the total budget.

I am not at all pleased that the municipality's needs have forced me to present you with a budget that contains a 4.5% tax increase. I have met with every single department head regarding their lines and the anticipated increases and have made adjustments and worked diligently to ensure that any increase is fully warranted and necessary. I hope that the information that I have provided in this communication will enable you to see that this budget has been developed based on a focus of addressing our town's real and necessary needs, and not unnecessary wants.

I am prepared to meet with/work with the Council to come to an agreement where we can present a budget that will be not just the Mayor's budget or the Council's budget, but the governing body's budget.

A hard copy of this proposed budget will also be available for each of you in your municipal mailboxes by the end of today.

PUBLIC COMMENTS (*For Current Agenda Items Only, Limited to 3 minutes per person*)

Council President Rizzuto asked for a motion to open the meeting to Public Comments.

MOVED: Higgins

SECOND: Buccieri

All members present voted in favor.

Jessi Paladini – questioned the potential budget increase.

Seeing no other members of the public wishing to speak, Council President Buccieri asked for a motion to close the meeting for Public Comments.

MOTION: Higgins

SECOND: Buccieri

All members present were in favor.

ITEM FOR DISCUSSION

2024 Proposed Municipal Budget

Man Lee of Nisivoccia, the Township's Auditor, explained with a Power Point presentation what the Township should know about budgeting and financial planning.

Each department of Vernon Township in the Municipal Center presented their proposed 2024 budgets.

ADJOURNMENT

A motion for adjournment was made by Council Member Higgins, seconded by Council Member Buccieri to adjourn the meeting, with all members voting in favor.

The Special Meeting of the Township Council of the Township of Vernon was adjourned 12:13 p.m.

Respectfully submitted,

Marcy Gianattasio, RMC, CMR
Municipal Clerk

Patrick Rizzuto,
Council President

Minutes approved: April 8, 2024