Township of Randolph
Municipal Building
Randolph, NJ
February 10, 2024

A. OPENING OF BUDGET MEETING

1. Call to Order

A budget meeting of the Randolph Township Council was called to order at 8:30 a.m. by Mayor Carey. This meeting is held pursuant to the New Jersey Open Public Meetings Act. Adequate notice of the meeting has been provided by posting written notice of the time, date, location, and, to the extent known, the agenda of the meeting in Randolph Township. This notice was posted on the Bulletin Board within Town Hall, it was filed with the Township Clerk, and it was provided to those persons or entities requesting notification. Notice was also provided to the Randolph Reporter and the Morris County Daily Record on November 30, 2023, by emailing them the annual resolution adopted by the Council on November 28, 2023. The annual resolution, which included this meeting date, was advertised in the Randolph Reporter, the official newspaper of the Township of Randolph, on December 7, 2023, and the Daily Record on December 4, 2023.

2. Roll Call

PRESENT: Councilmember Elbaum
Councilmember Nisivoccia
Councilmember Potter
Councilwoman Veech
Deputy Mayor Hathaway
Mayor Carey
ABSENT: Councilman Forstenhausler

Also present: Township Manager Greg Poff, CFO Debbie Bonanno, Chief of Police William Harzula and Heath Officer Mark Caputo

3. Pledge of Allegiance

Mayor Carey led the Pledge of Allegiance.

B. OPEN TO THE PUBLIC

Seeing and hearing none, the public portion was closed.

C. BUDGET PRESENATION

<u>Police Department – Chief of Police William Harzula</u>

Police Chief William Harzula reviewed the Police Department's operating budget and capital outlay requests for 2024. He discussed the following budget elements:

- Dues and Licensing
- Continuing Education
- Contractual General Services and Contracts – for servicing warranty charges and POSE scheduling system renewal.
- Security Systems and Maintenance
- Replacement Uniforms, School Guard Uniforms and Officer Uniforms
- Communications/Repair and Maintenance
- Film and Video – increase in budget for OPRA requests and transitions into high-definition videos and storage.
- Portable Radios and Batteries
- Detective Bureau Supplies and Miscellaneous Equipment/Repairs

Chief Harzula reviewed the department's Capital Outlay request for 2024. The department is requesting funds to complete annual vehicle replacements. The department is also seeking funds to run promotional exams due to anticipated upcoming retirements. Additionally, the department is seeking funds for breathalyzer testing equipment.

The Township Council and Police Chief Will Harzula engaged in a Q&A session.

Mayor Carey inquired about the overtime line item. Chief Harzula explained that schedules are managed appropriately, however, the allotment allows for the coverage of emergency events such as storms, or other unforeseen circumstances.

Councilwoman Veech asked if the Board of Education/School events were considered overtime. Chief Harzula explained that those events were designated as third-party details. CFO Bonanno explained that outside detail funds are received upfront and deposited into a trust account. Manager Poff explained that there was an increase in the PBA rates for public sector and non-profit detail assignments to attract more officers into volunteering for those assignments. He explained how the rates compared to the pay structures of third parties and the Morris County Sherriff's Office.

Councilmember Potter inquired about the uniform allotment for officers. Chief Harzula explained the uses of Class A and Class B uniforms. He stated that the allotment also varied depending on the time of hire. There was a discussion about the ordering process and challenges with vendors fulfilling outstanding orders in a timely manner.

Mayor Carey asked about the training and employment process for school crossing guards. Chief Harzula explained that the crossing guards are trained by Officer Shoudy, and are frequently evaluated and checked in with. When crossing guards call out sick, their post is supplemented with a police officer.

There was a discussion on the process of fleet vehicle replacements, the useful life of the vehicles, causes of wear and tear, decommissioned vehicles, and auctioning.

Health Department – Mark Caputo, Health Officer

Heath Officer Mark Caputo reviewed the Health Department's operating budget and capital outlay requests for 2024. He discussed the following budget elements:

- General Supplies – the department was the recipient of a sizable state grant.
- General Printing – the department is moving towards the use of field tablets and transitioning from paper to electronic programs.
- Clinic Supplies
- Clinic Physician Oversight
- Programs – various health screenings, and flu/vaccine clinics
- Distressed Properties
- Spatial Data Logic Local Health Module – training and field tablets.
- State Law for Municipal Lead Inspection – field inspections, registration, and certificate of habitability.
- Recycling
- Solid Waste Contracts

Manager Poff reviewed the Code Enforcement operating budget. He shared that the budget had decreased by 4.7%. He informed the council that a change was anticipated pending Roxbury's response to a proposed services contract for a shared electrical code inspector.

Councilmember Nisivoccia inquired about the fees for health screening programs. Mr. Caputo provided an overview of the various program fees. There was a discussion about the Morris Regional Public Health Partnership's efforts to collect data and create improvement plans. The agency will likely distribute its health report by the end of the year.

Mayor Carey asked how many people typically attended the screening programs. Mr. Caputo explained that it varied. The goal of the programs was to be a public resource.

Mayor Carey asked how many distressed properties were reported annually. Mr. Caputo informed her that fortunately there were not many reports.

Councilwoman Veech asked if the department was anticipating any upcoming retirements. Mr. Caputo informed her that the current Licensing Official was expected to retire in the coming months and that he anticipated retiring soon as well. He explained that there was high turnover in the department's housing inspection staff. Manager Poff explained that there is a proposal to take various part-time positions within the department and consolidate them into a full-time Registered Environmental Health Specialist position. This consolidation would result in a net positive as the Lead Implementation Program is very time-intensive.

BREAK – 10:20 A.M.

The council took a 10-minute break.

General Government, Land Use Administration

Manager Poff reviewed elements of the municipality's operating budget. He and CFO Debbie Bonanno have been taking time to review and examine the budget considerations.

COMPLIANCE WITH STATE BUDGET REGULATIONS

He explained that the township is required to comply with two budgetary limitations; the increase in appropriations or "the appropriations cap," and the property tax levy cap.

The appropriations cap law under N.J.S.A. 40A: 4-45.2 states, "municipalities and counties shall be prohibited from increasing their final appropriations by more than 2.5%…unless action is taken by the governing body to increase their final appropriations subject to the cap to the statutorily permitted three and a half percent (3.5%)."

The property tax levy cap law (N.J.S.A. 40A:4-45.44 et seq.) establishes a formula that limits increases in the local unit (municipal, county, or fire district) amount to be raised by taxation (tax levy) for each local unit budget to 2% of the previous year's amount to be raised by taxation.

For 2024, there was a 2.5% cost-of-living adjustment which means that the automatic "cap" amount was $732,580.00. The Township Council will be asked to consider an ordinance to increase the COLA percentage up to 3.5% and bank (for up to two years) the difference between its final appropriations subject to the cap and 3.5%.

The cap bank provides flexibility to provide for appropriations in case of emergencies, unforeseen expenses, or increased costs beyond the control of the township. By having a cap bank, the township is able to accommodate all of these increases without having to cut services in other areas. The cap bank is not intended to replace good fiscal practice or planning; it allows for increases when necessary.

APPROPRIATIONS

Manager Poff reviewed the following 2024 appropriations:

General Administration O/E
Additional monies are being requested to fund both a citizen relationship management (CRM) system and to redesign the MCCPC website. The CRM solution empowers residents to report issues, identify repair needs, share feedback, and ask questions of their local government. The system will allow for more efficient and transparent workflows, fostering accountability and trust.

Municipal Clerk O/E
Funds are being incorporated into the clerk's budget to cover document scanning services as well as increases in postage and printing of ballots.

Financial Administration S/W
Monies are required to meet contractual salary obligations for the Chief Financial Officer and Assistant Chief Financial Officer.

Information Technology O/E
The expenses in the information technology budget account include the new expense for the deployment of cyber security services. The township has implemented and continues to comply with the Joint Insurance Fund's cybersecurity standards that reduce the township's co-pay from $50,000 plus a 20% copay of the next $300,000 (up to $110,000 out of pocket) to $0 should an incident occur.

Tax Assessment O/E
As the township continues to work through legacy tax appeals, additional monies are requested for needed appraisal reports, which are used to establish the township's position before the state tax court.

Engineering S/W
The increase in engineering salaries is for a full-time township engineer from a part-time consulting engineer. This initiative will allow the township to address a number of engineering projects and facility improvements, which have been deferred.

Planning S/W
The increase in planning salaries represents a change from what was a vacant part-time to a now-filled full-time zoning officer.

Electrical Inspections O/E
The end of the township's long-standing contract with Building Inspection Underwriters will be replaced with an expanded shared service with Roxbury Township for electrical inspections.

Fire Prevention S/W
The increase in fire prevention salaries is to change a part-time inspector to full-time at the request of the fire official. Given the number of inspections the fire prevention bureau has to complete, this proposed change will allow the bureau to better meet its requirements as established by the State Division of Fire Strategy.

LOSAP O/E
The township funds an emergency services volunteer length of service award program more commonly known as LOSAP. This program provides a tax-deferred income benefit to active volunteer fire and rescue members. The contributions for this program need to be funded to meet the township's obligation.

Sanitation O/E
The township is in the third-year agreement for solid waste collection, and the increase in sanitation represents the contractual obligation that must be paid to Blue Diamond Disposal.

Building & Grounds S/W & O/E
Additional monies are needed for overtime. Also, funding is required to meet the current HVAC contract as well as the lease of new copy machines.

Recycling O/E

The township, in consultation with the Morris County Municipal Utilities Authority, will realize a “negative” rebate for the disposal of paper and plastic this year. As a result, the appropriation needs to be increased to cover this expense.

Health O/E

The township is obligated to fund the Community Health Needs Assessment/Community Health Improvement Plan. The amount is based on a per capita formula as it relates to the population of each Health Officer’s coverage area. This expense will be charged to the Enhancing Local Public Health Grant.

Recreation Services S/W

The increase in Recreation Services salary and wage can be attributed to the director’s request for additional monies to fund summer program staff. The department has found hiring seasonal summer staff a challenge, and this increase is targeted to make such summer employment more attractive. This appropriation increase is offset by a corresponding increase in revenues.

Recreation Services O/E

Other expenses are increased to cover youth programs, day camps, and teen camps. These include increased costs for trips (where the locations also have to pay their staff more), busing fees implemented by the BOE, and a greater number of youth programs.

Statutory Expenditures

The township has an obligation to fund its share of its employees’ pension contribution and social security taxes. The increase in these appropriations totals $66,184.00.

Insurance

The township’s participation in the Morris County Joint Insurance Fund continues to help the township in its employment practices and loss control programs. The township has benefitted from its participation in the North Jersey Municipal Employee Benefits Fund. The Morris County Joint Insurance Fund and the North Jersey Municipal Employee Benefits Fund have rate increases that must be funded.

Capital Improvements

Given the continued increase of the cost of materials and goods, it is recommended additional funds be placed in the capital improvement fund.

Councilmember Nisivoccia asked if there were any other options available for solid waste collection since there was only one bidder. Manager Poff discussed various factors related to solid waste collection, including high upfront costs for equipment, and high injury rates for workers creating an adverse impact on workers comp. insurance, staffing issues, automatic trucks, challenges for implementing pilot programs for private/third-party haulers, and budgetary caps. Manager Poff explained that the best way to control costs of this nature was to provide the vendor with certainty. He suggested engaging a specialist to help the township develop its bid specifications.

Councilwoman Veech asked what the difference was between hauling costs for recycling vs. solid waste collection. Manager Poff stated that he would provide the information to the council.

Councilmember Elbaum inquired about other municipalities' use of third-party haulers; she asked if the method was ever considered for the township. Manager Poff explained that the use of the haulers was likely historical. He explained the challenges of switching to private haulers.

Deputy Mayor Hathaway recalled that last year there was a favorable insurance rate discrepancy between state-planned participant municipalities vs. the township's rates. Manager Poff explained that the state did not have the same level of increase as the prior year; it leveled out. He and CFO Bonanno reviewed the township's loss experience with the health insurance fund administrator.

Councilmember Potter asked if there was a range for maintaining the township's AAA Bond Rating. Manager Poff informed her that the municipality continued to be in a very strong position.

Councilmember Nisivoccia asked how close the township was to issuing its next set of bonds. CFO Bonanno shared that based on conversations with the Bond Counsel, notes will likely be issued to protect the township's tax-exempt status; it will be short-term financing. Manager Poff explained that this may change as the township continues examining larger overall plans with the Facilities Workgroup.

D. REVIEW OF OTHER BUDGET CONSIDERATIONS

1. Library Funding

Manager Poff explained that initial research shows that N.J.S.A. 40:54-8 Library Tax is the controlling statute regarding library funding, and states in part:

"Within every municipality governed by this article there shall annually be raised by taxation a sum equal to one-third of a mill on every dollar of assessable property within such municipality based on the equalized valuation of such property as certified by the Director of the Division of Taxation in the Department of the Treasury in accordance with the provisions of R.S.54:4-49. The amount shall be assessed, levied and collected in the same manner and at the same time as other municipal purposes taxes are assessed, levied and collected therein and shall be paid from the disbursing officer to the treasurer of the free public library on a quarterly basis".

The state adopted the municipal library tax levy law in 2011 that required a municipality to list a dedicated line item on the property tax bill to fund municipal free public libraries. The law did not result in any increased taxes, but changed the way the minimum library appropriation is displayed to the public. The township is required by law to budget a minimum of 1/3 mill of equalized value in a budget appropriation for the operation of the library. The 2024 minimum library appropriation is $1,747,938.

He explained the various chargebacks for the library and what appropriations the organization would end up receiving. CFO Bonanno explained that the presented library appropriation was an estimation and subject to adjustment.

2. Revenue

Manager Poff reviewed the revenues and municipal taxes for the 2024 Budget:

REVENUES IN SUPPORT OF THE BUDGET

Revenues are derived from several sources including fund balance (sometimes referred to as "surplus"), miscellaneous revenues generated by operations, "state aid", receipts from delinquent taxes, and local property tax levy for municipal and library purposes.

Fund balance is made up of several components including lapsing of appropriation reserves, revenue in excess of budgeted amounts, and miscellaneous revenues not anticipated. The Township's fund balance showed an increase at the end of 2023. The balance as of December 31, 2023 was $9,327,426. With the fund balance in a strong position, the budget calls for using an additional $133,589 to lessen the increase on the municipal property levy. The amount of fund balance anticipated in the 2024 budget is $6,086,472.

Miscellaneous revenues generated by operations comprise many different items including licenses, various fees (including recreation), permits, municipal court fines, interest on investments and deposits, and cable franchise fees. Miscellaneous revenues anticipated in the 2024 budget total $4,387,680.

In 2024, the township will receive $2,050,586 from the state in the form of consolidated municipal property tax relief, total energy tax receipts distribution, watershed aid, and garden state trust; altogether referred to as "state aid."

"State aid" is actually two revenue replacement programs originally collected by local government up until the early 1980s. As defined by the State of New Jersey, the energy tax receipts distribution is based upon the ratio of the utilities' total length of lines or mains located in, on, or over any street, highway, road, or other public place. The consolidated municipal property tax relief (made up of a number of taxes including the financial business tax, the insurance franchise tax, and the corporation business tax) has been converted into the energy tax receipts.

Receipts from delinquent taxes, as defined by N.J.S.A. 40A:4-29, consist of taxes levied for prior years unpaid and owing to the township, and in the case of a municipality, also the lien value of tax titles to real estate standing in the name of the Township. The number of receipts for delinquent taxes anticipated in the 2024 budget is $556,000.

In New Jersey, the property tax levy is locally assessed and collected for the support of municipal and county governments and local school districts. No part of it directly supports the State government, but a large part of it supports functions that the State has imposed on local units. The amount of the tax is annually determined each year to provide sufficient revenues to meet the budgeted expenditures of the township, minus revenue available from other sources.

The proposed 2024 amount to be raised by taxes for the support of the municipal budget is $21,097,047.

	Revenues as a percentage of the budget				
Year	2020	2021	2022	2023	2024
Fund balance	17.1%	17.3%	17.6%	17.3%	16.9%
Miscellaneous revenues	10.5%	9.5%	10.0%	10.4%	12.2%
State aid	5.7%	5.7%	5.6%	5.7%	5.7%
Receipts from delinquent taxes	1.7%	1.7%	1.8%	1.6%	1.6%
Municipal library tax	4.7%	4.7%	4.7%	4.8%	4.9%
Municipal purpose tax	60.3%	61.1%	60.3%	60.2%	58.7%

Councilmember Nisivoccia asked if there was any news about the state resuming its energy payments. Manager Poff explained that township is recognizing the additional supplemental funding from the state, but it was not clear if the monies would continue to be received based on anticipated challenges with the upcoming state budget.

Deputy Mayor Hathaway asked how the exemptions factored into the determination of the municipal tax rate. Manager Poff explained how the rates were calculated and how the exemptions factored into the adjusted tax levy. CFO Bonanno informed the council that the state annually releases a CAP Workbook that is used to calculate exclusions; the exemptions can change from year to year. Manager Poff explained that the exemptions provided by statute included increases for health insurance, the township's pension obligation, capital improvement, debt service, and capital leases. The other exclusions have been authorized by the Department of Community Affairs.

PROPOSED 2024 MUNICIPAL TAXES

The proposed 2024 budget calls for appropriations of $35,925,722. This represents a 4.63% increase or $1,590,258 from the adopted 2023 budget. The levy for the municipal library is proposed to increase by $88,891 or 5.36% pursuant to the state requirement to raise a minimum of 1/3 mill of equalized value in a budget appropriation for the operation of the library. The rate for the open space/recreation tax is proposed to remain at the same level as in 2023. The three components of the local tax rate are noted below:

Property Tax Rate	2024	2023	Increase/(Decrease)
Municipal purpose	$ 0.479	$ 0.472	$ 0.009
Open Space/Recreation	$ 0.021	$ 0.021	$ 0.000
Library	$ 0.040	$ 0.038	$ 0.003
Total	$ 0.540	$ 0.528	$ 0.012

The 2024 municipal budget calls for a rate increase of $0.009. The decision to increase taxes is carefully considered in the context of the township's long-term fiscal integrity and the increase in a number of non-discretionary expense items. The proposed rate increase of 1.92% represents an annual increase of $49.65 (or $4.14 per month) for the average assessed home of $491,284.

This year's budget uses a greater amount of fund balance to limit the increase in the municipal portion of property taxes. The 2024 municipal budget, as presented, maintains current services levels. There services are being provided in accordance with residents' expectations and contribute to the quality of life for all taxpayers in the township.

Historically, Randolph has had a tremendous tax collection rate. The budget does not propose an increase for the Reserve for Uncollected Taxes.

Manager Poff reviewed the Budget and Assessment Comparison, Property Tax Levy Comparison, the township's fund balance history, anticipated fund balances, and utilized and regenerated fund balances through 2024.

The most significant dollar increases in the proposed 2024 budget are seen in the following appropriations:

Solid Waste O/E	$160,767
Insurance	$170,746
General Government O/E	$122,362
Recreation O/E	$84,350
Capital Improvements	$71,000
Statutory Expenditures	$66,184
Recycling O/E	$58,000
Total	**$733,409**

He reviewed the projected Statement of Operations and shared that the condition of the township's fund balance closing out in 2023 was $9,372,426. The water fund balance was $742,230 and the sewer fund balance equaled just under $11 million. He stated that the combined balance at the end of 2023 was $20.8 million, an increase from $19.6 million in 2022. The healthy fund balance has contributed greatly towards the township earning and maintaining its AAA Bond Rating. There was a discussion on the use and allocation of fund balance for municipal operations.

Manager Poff informed the council that the next Budget Meeting session was scheduled to be held on Saturday, February 24 at 8:30 a.m. The following budget elements would be discussed: Capital Improvements, Open Space and Recreation Trust, Review of Fund Balance, and Reserve for Uncollected Taxes.

He explained that the state has established a municipal budget calendar with the expectation that municipal governments will comply. The revised statutory date for the budget transmission to the governing body is Tuesday, February 27. The municipal introduction and approval of the budget is scheduled to take place on or about Thursday, March 21, and a public hearing and adoption on Thursday, April 18.

E. OPEN TO THE PUBLIC

Seeing and hearing none, the public portion was closed.

F. COUNCIL QUESTIONS/DISCUSSION

The council had no further questions for this meeting. Mayor Carey and Deputy Mayor Hathaway thanked Manager Poff and CFO Bonanno for their time.

G. ADJOURNMENT

Councilmember Potter made a motion to adjourn the meeting at 12:09 p.m. Councilmember Nisivoccia seconded the motion, and the following roll call vote was taken:

AYES:	Councilmember Elbaum
	Councilmember Nisivoccia
	Councilmember Potter
	Councilwoman Veech
	Deputy Mayor Hathaway
	Mayor Carey
NAYS:	None
ABSENT:	Councilman Forstenhausler