

Transitional Aid Application for Calendar Year 2022
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by April 1, 2022, for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2022-3 when preparing this application for specific instructions and definitions and review the Submission Checklist on Page 20 of this application and listed on Page 7 of the Local Finance Notice.

Name of Municipality:		Borough of Penns Grove		County:	Salem
Contact Person:		Sean M. Brown, MPA		Title:	Administrator
Phone:	(856) 381-9245	Fax:	(856) 299-0975	E-mail:	sbrown@pennsgrove-nj.org

I. Aid History

List amount of Transitional Aid received for the last three years, if any:

CY 2021	CY 2020	CY 2019
\$ 550,000.00	\$ 475,000.00	\$ 550,000.00

II. Aid Request for Application Year: (All municipalities currently operating under a Transitional Aid MOU are advised that a decrease from prior year funding should be anticipated.)

Amount of aid requested for the Application Year:	\$ 550,000.00
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2022-3

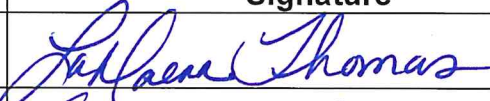
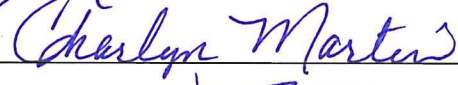


III. Submission Requirements

The following items must be submitted with, or prior to, submission of this application. Indicate date of submission of each.

Item	Date Submitted to DLGS
2022 Annual Financial Statement	3/04/2022
2021 Annual Audit	3/28/2022
2021 Corrective Action Plan	Findings to be reviewed with Business Administrator for further actions.
Application Year Introduced Budget	3/22/2022
Budget Documentation Submitted to Governing Body	3/15/2022 & 3/31/22

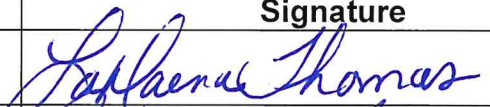
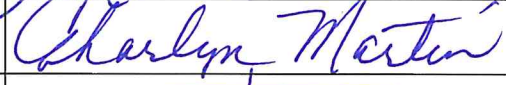
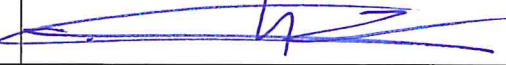

IV.A Application Certification

The undersigned herewith certify that they have reviewed this application and, individually, believes the contents to be true and accurately portray the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer		3/31/22
Governing Body Presiding Officer		3/31/22
Chief Financial Officer		3/31/22
Chief Administrative Officer		3/31/22

IV.B CY2021 Transitional Aid Recipients Applying in 2022

CY2021 Municipalities operating under a Memorandum of Understanding ("MOU") must certify that they are in substantial compliance with all conditions and requirements of the MOU.

Official	Signature	Date
Mayor/Chief Executive Officer		3/31/22
Governing Body Presiding Officer		3/31/22
Chief Financial Officer		3/31/22
Chief Administrative Officer		3/31/22

V-A. Explanation of Need for Transitional Aid

Explain the circumstances that warrant Transitional Aid in narrative form. Include factors that result in a constrained ability to raise sufficient revenues to meet budgetary requirements, and if such revenues were raised, how it would jeopardize the fiscal integrity of the municipality.

The following factors, which exist in the Borough of Penns Grove help justify the need of awarding Transitional Aid in 2022, some of these are continuing conditions mentioned in prior applications which are updated. Since the 2021 Application, the redeveloper did not abide by the terms of the redevelopment agreement and the Borough had to terminate the contract and remove Riverwalk junction as the redeveloper, currently the project is in litigation. The Borough is continuing its best efforts in bring Development to the Riverfront, which is the Municipality best assist and best hope in becoming self-sufficient. Additional update on redevelopment will be in Section **V-C: Actions to Reduce Further Aid.**

FACTOR 1: Continuing Condition

It is difficult to offset revenue decreases or budget increases in the Borough of Penns Grove. The Borough of Penns Grove is less than one square mile in total area. Based on the Demographics and Social Economic Characteristics, estimated per capita income for Penns Grove is \$ 17,421.00 versus the state average of \$ 44,153.00, which is 39.43% lower than the New Jersey State average. Medium household income for Penns Grove is \$ 32,361.00 versus the state average of \$ 85,245.00, which is 37.96% lower than the New Jersey State average. Persons below poverty levels in Penns Grove are at 37%, which is more than **three times** the state average, which is 9.4% Unemployment rate is 12.6% vs New Jersey State average of 5.2% As the data suggest, the Borough of Penns Grove qualifies as distressed and is **listed number three on the Municipal Distressed Cities Index.** (Statistical data from Census Reporter)

FACTOR 2: Continuing Condition

The Borough suffers from a high percentage of properties, which are non-ratable. As of 2022, it is estimated that **36.56%** of the total value of land and improvement (property) within the Borough of Penns Grove are non-taxable. Below is a sample listing of properties, for full listing see attached (Appendix A: 2022 Exempt Property Listing).

A. Government, Schools and Institutions:

1. Salem County Board Welfare Office.
2. Salem County Counseling Services.
3. The Penns Grove - Carneys Point School District Office.
4. The Penns Grove - Carneys Point Middle School.
5. The Penns Grove - Carneys Point Carleton School.
6. The Borough Hall.
7. The Ambulance and Public Works building.
8. Fire Department building.
9. Penns Grove Sewerage Authority.
10. United State Post Office.

FACTOR 2: Continuing Condition**A. Public Housing**

1. Penns Grove Housing Authority (2 Properties).
2. Penn Village.
3. Penns Grove Gardens.

B. Non-profit Organizations and Clubs:

1. Tri-County Community Action Agency
2. B.P.O.E Elks.
3. Penns Grove Historical Society.
4. American Legion.
5. Puerto Rican Action Committee of Salem County.
6. Travelers Temple Association

D. Churches:

The Borough of Penns Grove presently has fourteen (**14**) active churches which own twenty-two properties, all of which are exempt from taxes. The Borough surely does not object to having these religious institutions, but this gives a clear picture of just how severe the non-ratable situation is for the Borough.

In summary, when considering the size of the Borough of Penns Grove and the percentage of non-ratable properties (**36.48%**), there is a tremendous burden placed on the existing (**63.52%**) of payers. Not only does the Borough have these exempt facilities within its boundaries, but in many cases, provides additional services and support without any financial contribution.

FACTOR 3: Continuing Condition

Penns Grove host an excessive number of subsidized housing units. Although being less than one square mile, the borough has five subsidized low-income housing facilities. The facilities are Penn Village Apartments, Silver Run Apartments, Mallard Park Apartments, the Penn Towers Senior Citizens Complex and Penns Grove Gardens, which have a combined total of 448 units. The owners of these facilities are receiving funding from the federal government, none of which are passed on to the Borough. The facilities continue to place a financial strain on the Borough's limited resources.

Example 1: The Penns Grove Housing Authority, which includes the Silver Run Apartments and the Penn Towers Senior Citizens facility, are assessed at **\$7,666,400.00**. Both of the facilities have a combined total of 190 units. The Borough only received \$ 25,511.84 for payment in Lieu of Taxes.

Example 2: Penn Village Apartments, which has an assessed value of **\$5,895,600.00**, provides a payment in lieu of taxes to the Borough in the amount of **\$42,500.00** per year. This payment does not in any way reflect the amount of attention that this facility receives by way of police calls, municipal court and other services for the 120 unit complex.

Example 3: Mallard Park Apartments (99 Regional LLC) is a subsidized housing facility, with assessed value of **\$998,400.00**. The revenue received does not offset the cost associated with this property.

Subsidized Housing grossly underpays its' fair share of property taxes. In 2021, a Penns Grove homeowner with an average assessment of **\$86,250.00** paid **\$2,038.09** in local property taxes. Compare this with one of the subsidized housing complexes in the Borough of Penns Grove. The Penns Grove Housing Authority, which has 190 apartment units payed \$ 25,511.84 which represents two years of payments in 2021. As has been stated previously, the complexes place a much greater demand on the services provided by the Borough, particularly the Police Department. 2021 payment per unit are shown below:

Penns Grove Housing Authority - \$ 67.14 per unit payment at year-end.
The Penn Village Apartments - Payment in Lieu, \$ 354.17 per unit.
Mallard Park - \$ 1,542.53 in local taxes per unit.

The Social Economic factors, which result from this place a burden on the budget. We have a police budget for 2022 in the amount of \$1,564,628.00 for Salaries & Wages and Other Expenses. Factoring in \$ 685,591.71 for Health Insurance Payments, which includes \$ 453,246.96 in payments for retiree's and officers retired on disability. The total for the Police Department is \$ 2,250,219.71 This amount represents over 29.86 % of the 2022 introduced budget for the Borough of Penns Grove.

FACTOR 4: Continuing Condition

In the case of Seaboard Landing vs. Penn Grove tax appeals on Property Block 57: Lot 1, the Taxpayer is due a credit for the following years; 2007-2014 in the amount of \$ 339,475.29. The Borough and AGR agreed that any funds due to it from Tax Appeal Judgement shall be paid back at an amount of no more than 20% of the Taxes due for any particular year. The Balance of the Judgement as of 12/31/2021 is \$ 88,991.41. The Budget Appropriation for 2022 is \$17,798.28 (See attached Appendix B for information concerning Tax Appeal Judgement and Appendix C Tax Appeal Calculation.)

FACTOR 5: Continuing Condition

For the Health and Public Safety for the residents of the Borough of Penns Grove, it was necessary for the Borough to replace the 1989 Aerial ladder and 1994 Pumper and replace with a new Aerial Ladder. (See Attachment D). The Borough was able to acquire \$ 400,000.00 in funding from Small Cities, but had to authorize debt in the amount of \$ 534,600.00. Continued principal payment is \$ 53,460.00

FACTOR 6: Continuing Condition

Mandated to do a Revaluation, Budget Appropriation of \$ 68,000.00 in 2022 Budget.

FACTOR 7:

Loss of ratable for 2022 in the amount of \$ 278,000.00 which results in a decrease of \$ 13,744.32 in total tax revenue of which \$ 6,569.14 is local tax revenue (based on 2021 Tax Rate.).

FACTOR 8:

In following the Borough of Penns Grove Fiscal Evaluation & Recommended Recovery Plan, some of the recommendations mandated a budgetary increases.

- Full-time Borough Administrator was hired to “oversee day to day operations and ensure the proper systems and process are in place for Municipal Government to function and carry out the policies enacted by the Governing Body”. Estimate additional cost \$ 41,000.00.
- Initial Master Plan Review \$ 20,000.00

V-B. Demonstration of Revenue Loss/Substantial Cost Increase

Show: (1) specific, extraordinary revenue losses, but not as the aggregate of many revenues line items; and (2) specific, extraordinary increases in appropriations, but not as the aggregate of many appropriation line items. Describe the item in the cell below each entry. If applicable, indicate in the description of the extraordinary increase in expenditure if the increase was the result of a policy decision made by the municipality (i.e. a back-loaded debt service schedule, deferred payment, costs associated with additional hires, etc.)

Revenue or Appropriation	2021 Value	2022 Value	Amount of Loss/Increase
Transitional Aid	\$ 550,000.00	\$ 467,500.00	(82,500.00)
Description:	Anticipating 85% of prior years award		
Description:			
Description:			
Description:			
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V-C. Actions to Reduce Future Need for Aid

Detail the steps the municipality is taking to reduce the need for future aid. Include details about shared services and consolidation, long-term cost cutting and enhanced revenue plans, impact of new development, potential for grants to offset costs, and estimated short and long-term annual savings.

These steps should demonstrate initiatives taken to bring structural balance to the Municipality's finances and shall include, but are not limited to the following:

Use additional pages if necessary

- Efforts to bring economic development to the Municipality
- A plan to constrain or reduce staffing costs through collective negotiation, attrition, consolidation, restructuring, or other personnel actions; and
- A plan to eliminate, reduce or constrain the costs of non-essential services and activities; and
- A plan to maximize recurring revenues, including, as appropriate: updating fees, fines and penalties; maximizing enforcement of delinquencies; and selling surplus land and property; and
- A plan to address findings contained in various audits, investigations, and reports with respect to the Municipality, including municipal audits, applicable State Comptroller and State Auditor reports and audits, federal program audits, and other audits as identified by the Director.

PENN GROVE FISCAL EVALUATION & RECOMMENDED RECOVERY PLAN:

1. Continuing the advice of the Recovery Plan, the Borough has completed the following:
 - Renewed Shared Service Agreements
 - Improved Collection Rate from 86.63% in 2020 to 89.84 in 2021.
 - Land Sales (2022)
 - Continuing the Master Plan update.

BUSINESS ADMINISTRATORS UPDATE:

2. The Borough's Business Administrator update on various issues ranging from the Recovery Plan, to Property Sales and Economic Development (See Appendix J).
 - On March 29th 2021 Sean M. Brown, MPA started as Penns Grove's first business administrator. Included in the task of the business administrator was the implementation of the state's recovery plan. Much of this work includes working with the engineer to ensure infrastructure, building, inspection needs are met. This work also includes working with the grant writer to ensure the borough is raising money to fund important projects beyond the operational and capital budgets. The work includes working with attorneys, including the redevelopment attorney to review litigation of vacant land that is unoccupied and undeveloped. The work also includes working with the foreclosure attorney to ensure the borough is foreclosing on the worst violations of unpaid taxes. The work includes working

with our solicitor to ensure that personnel, litigation, managing the day-to-day of the borough, and updating ordinances happens in an efficient legal way, minimizing risk.

- In accordance with the Recovery Plan created by DCA, the administration submitted and Council approved a mission statement, organizational chart, and job descriptions. The governance committee approved the process for performance evaluations, hiring procedures, and adopted a new personnel handbook. The borough has improved its tax collection rate from 86.63% to 89.84%. Although the tax collection rate improved, the amount of rateables has decreased in the last few years. This is why the administration moved to introduce the cannabis industry to Penns Grove although still in its infancy, companies have bought buildings that have been vacant for over a decade. The Borough took full advantage of the CREAMM Act and opted in for cannabis. We required taxes to be paid for any property or by any person that was on leadership team. We intentionally did not limit the amount of licenses in order to attract and inspire a new era of economic growth. The mayor and council approved regulations for these companies. As of now we have received 13 applications and have issued 11 letters of support. Those 11 applications are now pending with the Cannabis Regulatory Commission. In light of that, buildings that have been vacant for over a decade have been bought by several of the companies that are in the process of applying for licenses. The borough took the extra step of inviting the President of the New Jersey Cannabis Business Association to Penns Grove. He presented to the companies the day they picked up their letter of support on how they can be a successful business. We took these extra steps, to give the companies' confidence of what we are doing in this one square mile borough but also to encourage them to be the best businesses that they can. Our ordinance allows us to collect 2% of taxes and we hope to bring in hundreds and thousands of dollars starting in 2023, assuming the CRC approves applicants.
- The borough was tasked to "establish experienced senior management team". Although this is a continued work in progress, we have accomplished this task. In March 2021 the borough hired its first business administrator, who was also tasked with economic development. Sean brown has a master's in public administration, and experience working with small businesses municipal government and the nonprofit sector. He also has knowledge of Penns Grove and other impoverished neighborhoods throughout New Jersey. The borough also hired its first police director. Richard Rivera is a former police officer, consultant to police departments throughout the nation, expert witness, and advocate for effective and ethical community policing. The borough was also able to hire a code enforcement officer who previously had the same job; in a difficult hiring climate and with limited resources we pay people an equitable wage.

MISSION STATEMENT OF THE BOROUGH OF PENNS GROVE

- The Mission of the Municipal Government of the Borough of Penns Grove is to maintain the Borough as a safe, clean and healthy environment for residents, the business community, their guests, employees and customers. We will accomplish our mission by providing cost-effective municipal programs that will promote, enhance and protect the quality of life in the Borough of Penns Grove, and deliver municipal services in an efficient, responsive, courteous and professional manner. We are a community that appreciates our differences and recognizes that unique skills, knowledge and backgrounds bring strength to our community. Municipal government will be open, receptive and willing to embrace innovative strategies for municipal progress. Our government is a partnership and we will continue to seek creative ways to encourage communication among residents, elected and appointed officials and staff.
- **Auction** - For decades Penns Grove has suffered with a high level of abandoned and vacant properties. Under the previous administration, there were dozens of foreclosures for unpaid taxes or sewer bills. In the beginning of 2021, the borough owned approximately 90 properties that it had no interest in. Those properties included non-conforming lots, conforming lots, and structures including houses and a few commercial properties. Learning lessons from the past the borough avoided managing its own auction. We wanted to cast a wider net throughout the region to attract quality investors, contractors, in those who have an interest in growing in Penns Grove so that we could raise the most money. The borough selected Max Spann to manage the auction because the company has a history of success in the region. We studied how the auction occurred in Philadelphia, Trenton, and Atlantic City in particular. Max Spann and the administration looked at every property and determined that every property with the exception of those with questionable ownership or squatters would be auctioned. Max Spann hosted an information session that attracted dozens of people from the area and throughout the northeast region. Although as of March 2022 the borough has not gone to closing yet the preliminary results look promising. The money that is received from the borough we hope sustain our budget deal with capital projects and be reinvested into the community to expand upon the return on investment.
- **PILOTS** – The first PILOT done under this administration was with Penns Grove Gardens. The updated PILOT will be \$229,646 for the first year. It includes a 9% PILOT rate, and a possible one-time payment. This PILOT increased from its previous offering of \$192,621. This sets a precedent for PILOTS that we will negotiate this year with another apartment complex, the new grocery store, and coincides with Economic Development.

- **Economic Development** -Last year the borough developed an economic development plan a core part of the strategy is to attract new businesses to the borough and to keep existing businesses here we are in the process of examining our zoning rules to make sure that they are appropriate and modern. The borough also shares information from federal and state programs, including the NJEDA with business owners so that they are aware of the grants and other opportunities that they have for growth. Penns Grove is small enough that we are able to directly talk to many business owners to give them confidence that the borough is advancing; those advancements include updating our technology infrastructure with municipal management software, updating our website, and updating our ordinances.
- Social economic update from 2020 census
Median Household income - \$32,361
Families in poverty [all people]– 37%

EXPEND THE RATABLE BASE

- The Borough is reviewing all designated Areas in Need of Development designated over the last decade. With the guidance from the reexamination of the master plan, we are identifying spaces that can be developed into small businesses. We speak on these opportunities at events such as the local Rotary.
- There have been many attempts in the past to develop a strong tax base in Penns Grove. We started in effort in 2021 to strengthen the relationship with DCA's Construction officials. They meet contractor every Thursday at the office, an activity that stopped during Covid restrictions. We have encouraged landlords and contractors to utilize the service and share their methods with contractors or vendors that come to the borough hall for various reasons.
- Unfortunately, two of our biggest real estate assets - one at the waterfront facing the Delaware River and there other three of four blocks on a central borough intersection - are locked in litigation due to decisions made under the prior administration. Although we hoped to win or settle the case by now, due to a slowed system in Superior Court, the suits for linger. The borough is prepared to deal with any outcome so that the land can be developed as taxing paying that will also attract more residents and new businesses to come.
- The business administrator is also the economic development coordinator. In those roles he participates in Southern New Jersey Chamber of Commerce events to learn about tax incentives, certifications, grants, and other programs too so that the mayor and administration can share these tools and resources with area businesses.

- This year the borough will lose its only grocery store. On the same space Wawa is preparing to build a convenience store and gas station there. The borough has aggressively worked with our team to bring a new grocery store. Under this administration, this is the only for profit business that we are interested in offering tax abatements on borough own land. The borough has a reputation for being a food desert and we want to ensure that the residents and businesses have confidence that this is a good place to live and support their families.

SHARED SERVICES

- Shared services are crucial to saving tax payers' money. Our agreements with our neighbor Carney's Point for Public Works and Tax Collector expired in 2020. In 2021, the Penns Grove mayor led an effort to update the contract. The borough also studied alternatives, with a cost benefit analysis to verify that we had the best deal. We did. We do.
- We also have a police dispatch agreement with Salem County and intend to keep that in place. The borough has participated in conversations about municipal court and school district consolidation. We have done a preliminary analysis to determine potential advantages and issue that could arise if approved.
- DCA Construction office processes permits and has done a great job working with our zoning officer and other staff to deliver good services to the public.

POLICE DEPARTMENT

- The borough's police department operates best at three officers on patrol, totaling to 16 rank and file officers. We have operated with two or three per shift throughout the last year due to an ongoing shortage.
- The borough was asked to research merging our department with the neighbor Carney's Point and have decided not to. We will not merge with Carney's Point police department because the officers in Carney's Point make more money and as a distressed city, it may not be financially feasible for Penns Grove. We have a community policing model that is not practiced in Carney's Point. Beyond that, Carney's Point is not interested in merging with us either. Carney's Point is more monolithic, lacking ethnic and financial diversity Penns Grove has.
- There is already an existing mutual aid agreement with several surrounding municipalities including Carney's Point, which is a force multiplier based on demands and needs at no additional cost to Penns Grove.
- In the last year, overtime was reduced by hiring new officers, including a SLEO II. We are strategically moving officers from shift to shift to cover gaps. Our OIC comes in four hours early to cover shifts when needed. Officers from other places may fill time for a full platoon, as is with the mutual aid agreement.

- This year we anticipate a retirement of a supervisor that has maxed out on steps. This year the mayor presented to council a new FOP contract that balances equitable pay and accountability. The contract decreased the step increment for senior officers by 2%-4%, depending on the step; which in comparison to previous contract, will save money for its duration. New contract balanced salaries, retention, and costs; and we avoided looming arbitration.
- The reputation of the department has improved. There has been a reduction of citizen complaints based on internal affairs investigations and community feedback. This also decreases the chances of lawsuits.

CONTROL AND REDUCE SPENDING

- We have taken serious demonstrable steps to control and reduce spending. This is reflected in what may be the biggest surplus Penns Grove has ever had, certainly in this century. AS mandated by our state monitor and reflective of fiscal responsibility, we only added expenditures that were within budget. Borough staff and department leaders reviewed budget reports regularly and compared to priorities. We were awarded \$250,000 in American Recovery and used that money wisely to cover one-time expenses. Before any purchase order was issued, we identified funding source. We also hire part time staff for some positions, based on need based metrics.
- The Assistant Treasurer will be taking purchasing classes with Rutgers University to get updated on NJ Start, purchasing cooperatives, and the new rules of the state. We are also exploring our assistant treasurer to become a Qualified Purchasing Agent.

PROPERTY SALES IN 2022

4. In a continuing effort to spark redevelopment in Penns Grove, the Borough conducted property sales on March 17th-18th, in which over 70 properties were offered. As stated in previous application it is the Borough's hope that such sales will result in adding the properties to the tax rolls, home ownership and development and the cleanup of the community. Currently the Borough's Attorney and Administrators are working with Max Spann to review the properties that were sold and to start the closing process. (see Appendix L for Authorizing Resolution and News Article on Property Sale)

IN REM FORECLOSURES

5. In the final quarter of 2020, the Borough of Penns Grove recorded the attached foreclosure judgment which gave the Borough possession of 10 properties (in prior application, Appendix M). Due to COVID, Executive Orders cease filing and Final Judgement for Foreclosures. “In conferring with the Borough’s professionals and reviewing a history of legally defective in rem judgements, the Borough found it prudent to start from square one and begin a process of cost-effective targeted foreclosures and a push toward auctioning off prior held properties and dealing with non-conforming lots. In 2022, the goal is to pursue the most valuable of realty that is ripe for in rem-foreclosures and utilize the mechanisms available through redevelopment to re-zone and make best use of available realty.”

SOLICITORS STATEMENT

6. “The Borough of Penns Grove is currently engaged in a period of significant growth. Our recent property auction garnered nearly 1.5 million in potential sales. This influx will greatly benefit the Borough and will allow for the kind of strategic planning necessary to move the Borough forward. The advent of new cannabis legislation is likely to be a turning point in Penns Grove’s development. Penns Grove is uniquely positioned to become a major player in the cannabis industry and with that industry should come additional revenue, growth and innovation. This growth presents the potential for positive change but also creates additional challenges for municipal government.”

“From a solicitor’s point of view, our aggressive strategy in dealing with potential litigated matters has paid off. In one year, there have only been two new litigated matters filed both of which dealt with issues that were on the table prior to my arrival. The matter of the Waterfront property still continues to be litigated but we look forward to a resolution that will favor the Borough and allow for continued development.”

“Three cases of note have been settled during this time, again all of which preceded my tenure as solicitor. Those cases were paid for from our insurer. In short, litigated matters have been significantly reduced which is a positive change benefiting the residents of Penns Grove.”

“The changes over the last year represent a new era in the development of Penns Grove. Because of the work that has been done by the management team in the Borough, we are properly situated to take advantage of the positive changes on the horizon.”

TAX COLLECTION PROCEDURES

7. The effort to increase the Tax Collection Percentage has paid off by the Tax Collector incorporating the following Collection Practices:

- Online payment portal through Borough website (credit, debit, e check).
- Drop box for after hour's payment.
- Accept online payment checks from various banks (owner online banking).
- Accept wire transfers for payment.
- Accept partial payment for quarterly taxes.
- Multiple notice of delinquency and tax sale intentions.
- Bills issued reflect payment options available.
- Work with Assessor to maintain accurate records for mailing of bills to new owners.
- Provide information on deductions (Senior, veteran, Disabled, Homestead and Property Reimbursement) to owners as tax relief options.
- Addition-Credit and debit cards are accepted at the Tax Office Window
- Addition-Accept an appropriate municipal lien assignment by resolution which allows collections to resume on parcel

The Tax Collection Rate increased from 86.63% in 2020 to 89.84% in 2021.

WAWA: Continuing Project

8. The Borough entered into a redevelopment agreement with ZAWA Penns Grove, Inc. to construct a new Wawa on the corner of Main Street and Virginia Avenue, this will be a Super Wawa. The project is moving forward with the Planning Board receiving the following supporting documentation on March 9, 2021, Preliminary & Final Major Site Plans, Storm water Management, cost estimate, Salem County Planning Board Approval and NJDOT approval. In addition to the Wawa, the plans shall relocate the businesses currently located on that property to another portion of the property. The plans also include pad site for an additional establishment. A copy of the plan is attached. ZAWA is hoping to start PHASE 1 shortly (See Appendix K).

9. As stated in the previously application the only non-essential service that can be eliminated would be recreation, but due to Social Economic Conditions, Council believes that providing programs will curb mischief and help promote the good aspects of the community.

10. In order to maximize receipts of Court Revenues, the Borough of Penns Grove has received \$ 49,299.00 as of November 2021 from Outside Collections Agency. (See Appendix I.)

11. Renewal of an Agreement for Payment in Lieu of Taxes, which is mutually beneficial to both the Municipality and the Affordable Housing Complex. The Agreement provides for yearly increases in the Payment in Lieu of Taxes. Also the Complex will receive need updates and renovations which will better the quality of life for the residents and the community (See Attachment H for Agreement and Renovations).

12. As stated in prior applications, the Borough is currently at minimal staffing. The only aggressive collective negotiation agreement would be with the Police Association. The Borough currently has four shared services agreement, Public Works Functions and Tax Collection with Carneys Point Township, Dispatching Services with Salem County and Uniform Construction Code with the state of New Jersey.

V-D. Discussion of Health Benefits

Skip this section if using SHBP. If not using SHBP, explain why the municipality's current health benefits plan is cheaper, or what other reasons exist to reject this alternative. Additionally, list all brokers (primary broker or risk manager, all co-brokers, and sub-brokers) together with their compensation for the current and prior two fiscal years. Compensation must be disclosed in this section whether provided directly by the municipality or as a commission from the insurance provider. It is the municipality's right, and obligation, to determine whether the broker is compensated with commission in order to fully complete this section. If commissions are being earned, provide both how the commission is calculated (percentage of premium or self-insurance) and the actual \$ value of the commission received in each year.

1. Identify the company that is the broker of record for health insurance.

Conner Strong & Buckelew Companies, Inc. are the broker of record for health insurance.

2. How much in commissions or fees does the broker of record receive from: (a) the municipality \$. N/A; and (b) commission the Broker is receiving from the insurance company. The Broker is receiving 2% commission for Medical from the insurance company in 2022 and 3.00% commission for prescription in 2022. The Actual value of commission for the last three years are:

• January – December 2019	\$ 20,181.86
• January – December 2020	\$ 20,181.86
• January – December 2021	\$ 19,761.36

3. As an attachment, have the broker list the provided coverage, and the categories and number of employees in each program. Create a side by side comparison with the State Health Benefits Plan and outline costs (See Appendix D).
4. Provide a clear and concise explanation as to why the State Health Benefits Plan is not being used and discuss the relative costs of insurance used and the State Health Benefits Plan. (It is advisable for you to share this question with your broker of record and have them fill it out.)
 - Comparing the State cost to the proposed Horizon cost and factoring in Medicare costs as the State requires Parts A & B of Medicare, the Borough of Penns Grove is saving an estimated **\$ 39,020.69 or 4.79%** by not converting over to the State Plan for time period of 1/01/2022-12/31/2022.
 - From a provider disruption basis, only 66% of current providers being used by Borough employees participate with the State plan. Our experience is 85% participation deemed acceptable to avoid arbitration issues, also Borough of Penns Grove has Traditional and PPO plans that are greater in benefit as compared to the State plan, therefore, "equal to or better than" provisions of collective bargaining would be a contractual issue.

As of 7/01/2018 the Borough joined the Southern Coastal Regional Employee Benefits Fund (HIF), obtaining savings through a shared service, in 2022 the Borough received a Dividend in the amount of \$ 21,956.30, thus further increasing the savings from the Health Insurance Fund. (See Appendix E)

VI. Historical Fiscal Statistics

Item	2020	2021	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 2.294	\$ 2.363	\$ 2.498
Municipal Purposes tax levy	\$ 3,137,316.43	\$ 3,177,529.05	\$ 3,351,950.65
Municipal Open Space tax levy	\$.00	\$.00	\$.00
Total general appropriations	\$ 7,360,925.84	\$ 7,853,700.80	\$ 7,535,745.54

2. Cash Status Information			
% Of current taxes collected	86.63%	89.84%	%
% Used in computation of reserve	85.26 %	85.55%	86%
Reserve for uncollected taxes	\$ 1,031,921.43	\$ 1,006,235.05	\$ 947,737.46
Total year end cash surplus	\$ 689,109.41	\$ 839,212.07	
Total non-cash surplus	\$.00	\$.00	
Year-end deferred charges	\$.00	\$.00	

3. Assessment Data			
Assessed value (as of 1/10)	\$ 136,737,800	\$ 134,468,500	\$ 134,190,500
Average Residential Assessment	\$ 87,000	\$ 86,250	\$ 86,061
Number of tax appeals granted	33	8	
Amount budgeted for tax appeals	\$.00	\$.00	\$.00
Refunding bonds for tax appeals	\$.00	\$.00	\$.00

4. Staffing Levels			
Total Number of Sworn Police -	15 Full Time	15 Full Time	16 Full Time
Total S&W Expenditures	\$ 1,231,323.81	\$ 1,306,838.01	\$ 1,320,148.00
Class 2 and Class 3 Officers	1 SLEO II	1 SLEO II	1 SLEO II
Total S&W Expenditures	16,050.00	\$8,615.10	46,620.00
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$.00	\$.00	\$.00
Number of Other Full-time Employees	7	8	9
Total S&W Expenditures	\$ 315,984.00	\$ 371,910.41	\$ 462,676.00
Number of Other Part-time Employees	24	24	25
Total S&W Expenditures	\$ 179,166.06	\$ 175,981.13	256,058.00

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			\$134,190,500
Introduced Tax Levy			\$3,351,950.65
Proposed Municipal Tax Rate	2.498	Average Res. Value (#4 above)	\$86,061.00
Current Year Taxes on Average Residential Value (#4 above)			\$2,149.72 (Local only)
Prior Year Taxes on Average Residential Value			\$2,038.09 (Local only)
Proposed Increase in average residential taxes			\$111.63

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2018

A1. Most current equalized ratio

110.93 %

B. Proposed Budget – Appropriation Cap Information

Item	Yes	No
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	X	
	3.50%	
2. Amount of appropriation cap bank available going into this year		
	\$ 12,155.60	
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
	\$	
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:		X
	\$	

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police Department Salary & Wages	\$ 1,410,422.24	\$ 1,480,628.00	\$ 74,205.76
Group Health Insurance for Employees	\$ 864,782.29	\$ 924,243.70	\$ 59,461.01
Administrator Salary & Wages	\$ 57,752.45	\$ 99,000.00	\$ 41,247.55
Other Code Enforcement Functions	\$ 24,591.31	\$ 65,800.00	\$ 41,208.69
Municipal Clerk	\$ 75,696.43	\$ 107,500.00	\$ 31,803.57

D. List all new property tax funded full-time positions planned in the Application Year:

Department/Agency	Position	Number	Dollar Amount
Administrator Assistant, Floater for Finance and Clerks Office	Administrative Clerk	1	\$ 28,000.00

Application Year: CY2022

Municipality: Borough of Penns Grove

County: Salem

E. Display projected tax levies, local revenues (not grants), anticipated (gradually reduced) Transitional Aid, total salary and wages, and total other expenses projected for the three post-application years:

	Tax Levy	Local Revenues	Transitional Aid	Total S&W	Total OE
First year	*	*	*	*	*
Second year	*	*	*	*	*
Third year	*	*	*	*	*

***As stated in prior Applications, significant reductions in Aid cannot be realized until Riverfront Development is achieved or Consolidated Police Services.**

VIII. Financial Practices

A. Expenditure controls and practices:

Question	Yes	No
1. Is an encumbrance system used for the current fund?	X	
2. Is an encumbrance system used for other funds?	X	
3. Is a general ledger maintained for the current fund?	X	
4. Is a general ledger maintained for other funds?	X	
5. Are financial activities largely automated? If so, please identify system being used. (Edmunds System)	X	
6. Does the municipality operate the general public assistance program?		X
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?	X	
8. At any point during the year are expenditures routinely frozen?		X
9. Has the municipality adopted a cash management plan?	X	
10. Have all negative findings in the prior year's audit report been corrected? If not, be prepared to discuss why not in your application meeting.		X

B. Risk Management: Indicate ("x") how each type of risk is insured.

Coverage	JIF/HIF	Self	Commercial
General liability	X		
Vehicle/Fleet liability	X		
Workers Compensation	X		
Property Coverage	X		
Public Official Liability	X		
Employment Practices Liability	X		
Environmental	X		
Health	SHBP X		

C. 1) Salary and Employee Contract Information (when more than one bargaining unit for each category, use average):

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	2021	N/A	N/A	2021
Average total cost percentage increase	2%	%	%	2% and additional 4.7 % on July for lowest paid full time employees%
Last contract settlement date	2021			
Contract expiration date	2024			

Application Year: CY2022	Municipality: Borough of Penns Grove	County: Salem
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2) Explain, if any, actions that have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)				
Governing Body Decision				
Wage Freezes (describe below)				
Contracts and Wage request are submitted to State Monitor for review and approval through Waiver process.				
Layoffs (describe below)				
Governing Body decision				

D. Tax Enforcement Practices:

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by December 31, if included in 2022 budget? If not, please include a letter from the tax collector explaining why he/she failed to complete the sale in a timely manner and what the impacts were on cash flow and lost investment earnings.		X
2. When was the last foreclosure action taken or tax assignment sale held: Date:	02/11/2022	
3. On what dates were tax delinquency notices sent out in 2021: Date:	02/19,05/18, 06/22,08/11, 11/24, and 12/8/2021	
<i>*E-Mailed delinquent file to escrow agents monthly.</i>		
4. Date of last tax sale: Date:	10/04/2021	

E. Specialized Service Delivery:

If the answer to either question is "Yes," provide (as an appendix) a cost justification of maintaining the service without changes.

Service	Yes	No
Sworn police or firefighters are used to handle emergency service call-taking and dispatch (in lieu of civilians)		X
The municipality provides rear-yard solid waste collection through the budget		X

F. Other Financial Practices

1. Amount of interest on investment earned in:

2020	\$ 3,165.30	2021	\$ 1,035.35	Anticipated Application Year:	\$ MRNA
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2. List the instruments in which idle funds are invested:

Various Operating & Trust Funds Checking Accounts	

3. What was the average return on investments during 2021?

Annual Percentage Yield .10%

Application Year: CY2022

Municipality: Borough of Penns Grove

County: Salem

- 4. Left Blank Intentionally
- 5. The name and firm of the municipality's auditor?
- 6. When was the last time the municipality changed auditors?

Bowman and Company
2021

G. Status of Collective Negotiation (Labor) Agreements: List each labor agreement by employee group, contract expiration date, and the status of negotiations of expired contracts.

Employee Group	Expiration Date	Status of Negotiations of Expired Agreement
Police Association	2024	Negotiation complete

H. Tax Abatements. Please provide a detailed discussion of any short-term or long-term tax abatements that are currently in place or are currently being negotiated including the following information:

Project Name/Property	Type of Project	2021 PILOT Billing	2021 Assessed Value	2022 Taxes If Billed in Full at 2021 Total Tax Rate	Term of Tax Abatement
Penn Village Apartments B-110 L-12 B-110 L-,13	Affordable Housing	\$ 42,500.00	\$5,895,600.00	291,478.46	No more than 50 years nor less than the term of the NJHFA mortgage. Signed 1972.
Penns Grove Gardens B-141, L-1	Affordable Housing	\$192,621.00	\$3,468,700.00	171,492.53	Full force as such rate as agreed upon and so long as the successor entity qualifies under HMFA LAW
Penns Grove Housing Auth. Silver Run Apartments B-94, L-3 Total P.G. Housing Authority	Affordable Housing	\$25,511.84	\$7,666,400.00	379,026.82	Shall remain in full force as long as the beneficial title to such project is held by the Local Authority or any other Governmental agency, including HUD.

IX-A. List actions that limited Salary and Wage costs: i.e., layoffs, furloughs, freezes, contract concessions, etc. (See item C-3 in Local Finance Notice for details)

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
			Layoffs, furloughs, freezes, contract concessions would be through contract negotiations in which the State Monitor would be involved, and the Governing Body would make the decisions concerning any layoffs, furloughs or freezes. The same conditions would apply to non-contract employees.

IX-B. List actions that limited or reduced Other Expense costs: i.e., reductions, changes, or elimination of services, procurement efficiencies or restraint. Include changes in spending policies that reduce non-essential spending.

Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Electricity (See Appendix F).			Participation in the South Jersey Power Cooperative.
Natural Gas -- Gas (See Appendix G).			Participation in South Jersey Power Cooperative.

IX-C. Evaluate existing local revenues, as to whether the rates or collections can be increased or imposed, and if so, how changes will be implemented.

Local Revenues and services provided through the General/Current Fund	Check if services are provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the amount of subsidy?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate subsidy.
Recreation programs	<input checked="" type="checkbox"/>	No	\$ 10,000.00	Due to Social Economic Conditions, Council believes that providing programs will curb mischief and help promote the good aspects of the community.
Sewer Fees	<input type="checkbox"/>			
Water Fees	<input type="checkbox"/>			
Swimming Pool	<input type="checkbox"/>			
Uniform Construction Code	<input type="checkbox"/>			
Uniform Fire Code	<input type="checkbox"/>			
Land Use Fees	<input type="checkbox"/>			
Parking Fees	<input type="checkbox"/>			
Beach Fees	<input type="checkbox"/>			
Insert other local fees below:	<input type="checkbox"/>			
Land Use Escrow fees for in-house staff	<input checked="" type="checkbox"/>	No	\$ 5,545.59	
Land Use Escrow fees for independent contractors	<input type="checkbox"/>			

X. Service Delivery

List all services that the municipality contracts to another organization: i.e., shared services with another government agency, including formal and informal shared services, memberships in cooperative purchasing program, private (commercial), or non-profit organization.

Type of Service	Name of Contracted Entity	Estimated Amount of Contract	Estimated Savings	Year Last Negotiated (as applicable)
Inter Local Service Agreement for Revenue Administration: Tax Collection	Carneys Point Township	\$ 59,685.49	\$ 30,000.00-\$40,000.00	2021
Inter Local Service Agreement for Public Work Functions including Trash Collection, Disposal, Storm Water Management, Recycling and Public Works Functions.	Carneys Point Township	\$663,685.00	\$ 500,000.00	2021
Inter Local Service Agreement for Dispatching Services	County of Salem	\$ 75,000.00	\$ 185,000.00	
Group Health Insurance – Medical (See Appendix J). Health Insurance Fund	Southern Coastal Regional Employee Benefits Fund: Health Insurance Fund: Receive a Dividend in the amount of \$ 21,544.00 for 2021.			Effective 7/1/18
Group Health Insurance – Prescription (See Appendix D)	Public Employer Benefits Trust Rx Alliance			Effective 7/1/18
Electricity (See Appendix H)	South Jersey Power Cooperative			
Natural Gas (See Appendix I)	South Jersey Power Cooperative			

Section XI – Impact of Limited or No Aid Award

Describe in detail the impact if aid is not granted for the current fiscal year. Essential services needs should be given priority. List the appropriate category of impact if the aid is not received. Rank each item from both lists as to the order in which elimination will take place. If across the board cuts will be made, indicate under service. **For rank order purposes, consider the two sections as one list. The cuts outlined here are one that the municipality will make absent a grant of aid.**

Rank Order	Department	# Of Layoffs	Effective Date	2021 Full Time Staffing	2022 Full Time Staffing	\$ Amount to be Saved
1	Police Department, the number of cuts will depend on the Aid Award and if the cuts will affect the Health & Welfare of the Community. The Police Budget accounts for 29.86 % of the Municipal Budget. Current Application has a request for additional officer.					
2	General Government, Even though currently staffing is at the minimal level. Governing Body will have to see if cuts are viable					

If services will be reduced, describe the service, impact and cost savings associated with it.

Rank Order	Service	Cost Savings	Impact on Services
1	Police Services		Depending on the Aid Award, numerous layoffs would have a disastrous effect on Police Services and Public Safety and Public Health and Welfare of the community
2	General Government		The Borough is at minimum staffing, additional cuts will vastly affect the services provided to the community.



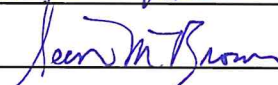
XII. Agreement to Improve Financial Position of Municipality

If aid is granted, the municipality will be required to submit to certain reporting conditions and oversight as authorized by law and a new Memorandum of Understanding will need to be signed. Please mark each box below indicating that the applicant understands and agrees to comply with these broad reporting and oversight provisions.

	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations.	X	
2. Implement actions directed by the Director to address the findings of Division staff.	X	
3. Enter into a new Memorandum of Understanding and comply with all its provisions, without exception.	X	

XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality is in substantial compliance with the conditions and requirements of the 2021 MOU and is operating in good faith to correct those area of noncompliance that have been identified.

Mayor:  Date: 3/31/22
 Chief Financial Officer:  Date: 3/31/22
 Chief Administrative Officer:  Date: 3/31/22

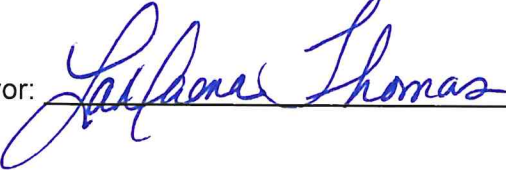
XIV. CAMPS Certification (County and Municipal Personnel System - Civil Service municipalities only)

For Civil Service municipalities, the undersigned, being knowledgeable thereof, hereby certify that the municipality has placed the names of all current civil service employees in NJ "CAMPS."

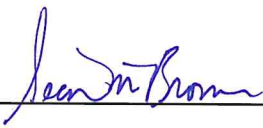
Human Resources or Personnel Director: _____ Date: _____
 Chief Administrative Officer: _____ Date: _____

XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned acknowledges the municipality must comply with the foregoing requirements to receive Transitional Aid. In addition, included with this application is a copy (printed or electronic) of the budget documentation supporting the budget calculation that was provided to the governing body.

Mayor:  Date: 3/31/22

Chief Financial Officer:  Date: 3/31/22

Chief Administrative Officer:  Date: 3/31/22