

Transitional Aid Application for Calendar Year 2023
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by March 31, 2023, for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2023-3 when preparing this application for specific instructions and definitions and review the Submission Checklist on Page 19 of this application and listed on Page 7 of the Local Finance Notice.

Name of Municipality:	Borough of Penns Grove			County:	Salem
Contact Person:	Stephen F. Labb			Title:	Chief Financial Officer
Phone:	(8562) 299-0098 Ext 107	Fax:	(856) 299-0975	E-mail:	slabb@pennsgrove-nj.org

I. Aid History

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

CY 2022	CY 2021	CY 2020
\$ 550,000.00	\$ 550,000.00	\$ 475,000.00

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
--	----------------------

If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2023-3

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	3/03/2023
2021 Annual Audit	3/24/2023
2021 Corrective Action Plan	Findings to be reviewed with the new Business Administrator for further actions.
Application Year Introduced Budget	3/28/2023
Budget Documentation Submitted to Governing Body	3/21/2023

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
---------------------------------	---	----------------------

Application Year Introduced Budget	3/28/2023
Budget Documentation Submitted to Governing Body	3/21/2023




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		3/28/23
Governing Body Presiding Officer	(Resigned)	
Chief Financial Officer		3/21/23
Chief Administrative Officer		3/28/23

IV.B CY 2022 Transitional Aid Recipients Applying in 2023

CY 2022 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		3/28/23
Governing Body Presiding Officer	(Resigned)	
Chief Financial Officer		3/31/23
Chief Administrative Officer		3/28/23

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 2023, some of these are continuing conditions mentioned in prior applications which are updated. Since the 2022 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 \$ 15,886.00 versus the state average of \$ 46,691.00, which is 34.02% lower than the New Jersey State average. Medium household income for Penns Grove is \$ 26,975.00 versus the state average of \$ 89,703.00, which is 30.07% lower than the New Jersey State average. Persons below poverty levels in Penns Grove are at 39.7%, which more than **doubles** the state average of 9.8% Unemployment rate is 4.8% vs New Jersey State average of 3.7% As the data suggest, the Borough of Penns Grove qualifies as distressed and is **listed number (4) 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 2023, it is estimated that **35.17%** 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: 2023 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 (35.17%), there is a tremendous burden placed on the existing (64.83%) 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. Which is exempt per 15C as Public Housing 55:14A-20.

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 2022, a Penns Grove homeowner with an average assessment of **\$86,061.00** paid **\$2,088.70** 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 paid \$.00 in 2022. As has been stated previously, the complexes place a much greater demand on the services provided by the Borough, particularly the Police Department. 2022 payment per unit are shown below:

Penns Grove Housing Authority - .00 per unit payment at year-end.

The Penn Village Apartments -Payment in Lieu, \$ 354.17 per unit.

Mallard Park - \$1,612.10 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 2023 in the amount of \$1,517,128.00 for Salaries & Wages and Other Expenses. Factoring in \$ 759,460.92 for Health Insurance Payments, which includes \$ 489,261.24 in payments for retiree's and officers retired on disability. The total for the Police Department is \$ 2,276,588.92. This amount represents over 28.53 % of the 2023 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 12/31/2022 is \$ 71,193.13. The Budget Appropriation for 2023 is \$17,798.28 (See attached **Appendix B** for information concerning Tax Appeal Judgement and **Appendix C** Tax Appeal Calculation.)

FACTOR 5:

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

- 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”.
- Part-Time Economic Development Consultant.
- Part-Time Department of Public Works Consultant.
- Full-Time Tax Collector

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
---------------------------------	---	----------------------

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	2022 Value	2023 Value	Amount of Loss/Increase
85% of prior Transitional Aid Anticipated	\$ 550,000.00	\$ 467,500.00	\$ 82,500.00
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			

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; and
- 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 to follow the advice of the Recovery Plan for better Government and Fiscal Stability.

BUSINESS ADMINISTRATORS UPDATE:

2. The Borough's Business Administrator update on various issues ranging from the Recovery Plan to Property Sales and Economic Development.
 - On February 3rd, 2023, Jack Surrency, started as Penns Grove's second business administrator. Included in the task of the business administrator will continue the implementation of the state's recovery plan. Much of this work includes continue 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, which will be helpful tools for the new Business Administrator. The borough was also tasked to “establish experienced senior management team”. Although this is a continued work in progress, In February 2023 the borough hired its second business administrator, who was tasked to continue with economic development. Jack Surrency has a master’s in Community Economic Development, and experience working with small businesses municipal government and the nonprofit sector. He also has knowledge of Penns Grove and other impoverished neighborhoods throughout Southern New Jersey. The borough business administrator will continue to work with the first police safety 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 except for 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. **As of November 14, 2022, the results of the Borough of Penns Grove Property Auction by Max Spann are as follows:**

1. 18 Properties sold.
 2. Amount received by the Borough of Penns Grove from Property Auction is **\$ 580,000.00.**
 3. **\$ 991,400.00** in Assessed Valuation added to the Municipal Tax Base.
- **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 through the updating of the borough's Master Plan. The Master Plan will give future municipal guidance in the areas of physical, economic and social development and set the basis of policy surround the same for the borough. At the completion of the Master Plan the borough intends to develop a Redevelopment Plan as the borough has already been deemed in need of rehabilitation. The Redevelopment Plan will define the borough's desired outcomes effectively creating policy related to future business occupancy, job creation, commercial and residential growth. 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.

EXPAND THE RATABLE BASE

- As previously stated, the Borough of Penns Grove expanded the ratable base by **\$ 991,400.00** from the auction of Borough owned properties facilitated by Max Spann. This will be a continuing process that will benefit the Municipality by making sure that properties are put back on the tax rolls, which increase the Municipalities Tax Base distributes the tax burden and increases home ownership.
- 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.

SHARED SERVICES

- To provide the best service to the Taxpayers of the Borough of Penns Grove, it was decided to bring the Tax Collector in house to continue the exceptional services that were provided last year. Also with much consideration, Public Works was outsourced through private contracting which provides savings to the Taxpayers.
- 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.

- Continuing to reduce overtime 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.
- The reputation of the department continues to improve. 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. 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. that Before any purchase order was issued, we identified funding source.

PROPERTY AUCTION UPDATE 2022

3. 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 previously stated the result of the auction by Max Spann is **\$ 580,000.00 in** property sales with Assessed Valuation of \$ 991,000.00 added to the Municipal Tax Base. (See **Appendix E** for Properties Sold and added Assessed Valuations)

IN REM FORECLOSURES

4. As it concerns foreclosures, the Borough has foreclosed upon eight high-value targeted properties along the Riverwalk Parcels along with two additional properties that abut the area. Judgment is pending in these matters. Borough ownership of the properties will go towards redevelopment efforts. Auctions have finalized with additional developers engaged to buy remaining Borough owned properties with an eye toward the pending renewed Master Plan and overall redevelopment.”

SOLICITORS/INTERN BUSINESS ADMINISTRATOR INFORMATION

5. The Borough has been working on a comprehensive Redevelopment Plan which includes both the Riverwalk Area as well as the Scattered Sites Areas which were the subject of litigation. Since 2021, the Flameworks and Scattered Sites Litigation has been settled, paving the way for a concentration on redevelopment of those specified areas. In addition, the Borough has severed its ties to Carneys Point under the prior Shared Services Agreement for Public Works due to an impasse in negotiations, which could not be reconciled.

Consequently, the Borough has been in the process of updating its Public Works capabilities in an effort to provide necessary services at a level required for its residents.

The Business Administrator is a relatively new position in the Borough and the concentration has been on creating and developing the systems of accountability in the provision of necessary services. We have fulfilled all of the requirements of the Recovery Plan as set forth by the State. We are actively exploring the potential for a Shared Services Agreement which will provide us with high level services at an acceptable cost.

We have recently engaged an Economic Development Consultant with a proven record of accomplishment in that area. It is expected that this addition will allow the Borough to attract new business entities to the Borough. This is especially important given the Borough's ventures with cannabis. Also, the consultant will be working on the preeminent project, which is acquiring a Supermarket to eradicate the current food desert.

Our plan is to streamline work processes so that there is interconnectivity between departments and functions. To that end, we have updated our IT capabilities to provide better service to residents. The implementation of a new Community Notification System allows us to contact residents in real time with both emergency and no-emergency notifications. We have purchased the SQL Software Suite, which will provide synergistic contact between Borough entities and will allow residents to conduct certain functions online. These systems will allow us to maximize employee work hours and productivity.

Public Works is a mainstay of municipal services. Accordingly, we have retained a Public Works Consultant with more than two decades of Public Works experience in a major municipality. As set forth above, our Public Works Department will need updated equipment to handle limited functions. This professional will evaluate our current needs and make recommendations. He will be an integral part of our negotiations for Shared Services with other municipalities.

We have taken steps to increase productivity with the Finance Department due to lack of staffing. Our finance department is being enhanced by the addition of a QPA. This addition will reinforce compliance with local finance rules. Our recent hire of a tax collector has provided an added benefit in that she has a significant financial background and will be acting to assist the CFO in financial matters.

TAX COLLECTION PROCEDURES

6. 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.
- Credit and debit cards are accepted at the Tax Office Window
- Accept an appropriate municipal lien assignment by resolution which allows collections to resume on parcel.
- Addition-accepting appropriate redemption in installments plan for municipal lien by resolution, which allows collections to resume.

MAJOR AND COMMERCIAL PROJECTS

7. "As it concerns major and commercial projects before the Borough, auto service parts retailer, Autozone, has completed construction. Further, WaWa Market and Service has begun construction. Habitat of Humanity and Gateway Community Action Partnership have also been approved for land development. In furtherance of broad redevelopment efforts, the Borough has recently declared the entirety of the Borough an area in need of rehabilitation. Redevelopment plans are also being devised and long-standing litigation in that area which has stymied previous efforts is scheduled to be resolved before the courts in the next few months. In conjunction with Major and Commercial Projects, currently the Borough is in the midst of completely redoing its Master Plan in coordination with the engineering and planning team of Remington and Vernick Engineers following the re-examination of the Master Plan roughly 18 months ago. The Master Plan Steering Committee has been meeting at regular intervals and anticipates a 10 to roughly 12-month process to complete the new Master Plan."

8. 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.

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
---------------------------------	---	----------------------

9. 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 G.**)

10. 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 has 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 2023 and 3.00% commission for prescription in 2023. The Actual value of commission for the last three years are:

• January – December 2020	\$20,181.86
• January – December 2021	\$19,761.36
• January – December 2022	\$21,553.56

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 **\$ 184,004.83 or 20.44%** by not converting over to the State Plan for time period of 1/01/2023-12/31//2023.
 - 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 F)

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
---------------------------------	---	----------------------

VI. Historical Fiscal Statistics

Item	2021	2022	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 2.363	\$ 2.426	\$ 2.550
Municipal Purposes tax levy	\$ 3,177,529.05	\$ 3,256,148.87	\$ 3,448,880.65
Municipal Open Space tax levy	\$.00	\$.00	\$.00
Total general appropriations	\$ 7,853,700.80	\$ 9,061,758.99	\$ 7,980,239.23
2. Cash Status Information			
% Of current taxes collected	89.84 %	88.19 %	%
% Used in computation of reserve	85.55 %	86.00 %	85.894 %
Reserve for uncollected taxes	\$ 1,006,235.05	\$ 977,291.81	\$ 1,031,009.16
Total year end cash surplus	\$ 839,212.07	\$ 1,188,253.19	
Total non-cash surplus	\$.00	\$.00	
Year-end deferred charges	\$.00	\$.00	
3. Assessment Data			
Assessed value (as of 1/10)	\$ 1 34,468,500.00	\$ 134,190,500.00	\$ 135,239,350.00
Average Residential Assessment	\$ 87,000.00	\$ 86,061.00	\$ 86,226.70
Number of tax appeals granted	8	7	
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	\$ 1,306,838.01	\$ 1,170,622.50	\$ 1,424,228.00
Class 2 and Class 3 Officers	1 SLEO II	1 SLEO II	1 SLEO II
Total S&W Expenditures	\$ 8,615.10	\$ 12,016.80	\$ 25,000.00
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$.00	\$.00	\$.00
Number of Other Full-time Employees	8	9	11
Total S&W Expenditures	\$ 371,910.41	\$ 419,925.33	\$ 642,621.96
Number of Other Part-time Employees	24	20	21
Total S&W Expenditures	\$ 175,981.13	\$ 248,974.17	\$ 244,979.88

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			135,239,350.00
Introduced Tax Levy			3,448,880.65
Proposed Municipal Tax Rate	2.550	Average Res. Value (#3 above)	86,226.70
Current Year Taxes on Average Residential Value (#3 above)			2,198.96
Prior Year Taxes on Average Residential Value			2,088.70
Proposed Increase in average residential taxes			110.26

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
---------------------------------	---	----------------------

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2018
96.85 %

A1. Most current equalized ratio

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	\$ 125.58	
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$ 45.29		
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
Payments on Bond Anticipation Notes and Capital Notes	\$212,860.00	\$699,120.00	\$486,260.00
Solid Waste Collection: Other Expenses	\$0-New Appropriation	\$347,000.00	\$347,000.00
Police Salary and Wages	\$1,320,609.64	\$1,517,128.00	\$196,518.36
Landfill Disposal Costs: Other Expenses	\$0-New Appropriation	\$150,000.00	\$150,000.00
Revenue Administration: Salary & Wages	\$0-New Appropriation	\$65,000.00	\$65,000.00

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

Department/Agency	Position	Number	Dollar Amount
Other Code Enforcement Functions	Code Enforcement Official	1	\$ 38,000.00
Tax Collector	Tax Collector	1	\$ 65,000.00

Application Year: CY2023

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	*	*	*	*	*

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?		X
If not, be prepared to discuss why not in your application meeting.		

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	2022	N/A	N/A	2022
Average total cost percentage increase	2%	%	%	2% and additional 4.23 % on July for lowest paid full-time employees%
Last contract settlement date	2021			
Contract expiration date	2024			

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
---------------------------------	---	----------------------

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 2023 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:	12/29/2022	
3. On what dates were tax delinquency notices sent out in 2022: Date: *E-Mailed delinquent file to escrow agents monthly	2/16,5/13,8/15, 9/23,11/23, 12/22	
4. Date of last tax sale: Date:	12/05/2022	

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:

2021	\$ 1,035.35	2022	\$ 945.77	Anticipated Application Year:	\$ MRNA
------	-------------	------	-----------	-------------------------------	---------

2. List the instruments in which idle funds are invested:

Various Operating & Trust Funds Checking Accounts	

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
---------------------------------	---	----------------------

3. What was the average return on investments during 2022?

.15%

4. Left Blank Intentionally

5. The name and firm of the municipality's auditor?

Bowman and Company

6. When was the last time the municipality changed auditors?

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	2022 PILOT Billing	2022 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	\$196,000.00	\$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	.00	\$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.

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
--------------------------	--------------------------------------	---------------

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/C 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"/>		\$ 20,000.00	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"/>			
Land Use Escrow fees for independent contractors	<input type="checkbox"/>			

Application Year: CY2023

Municipality: Borough of Penns Grove

County: Salem

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 28.53 % of the Municipal Budget.					
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.

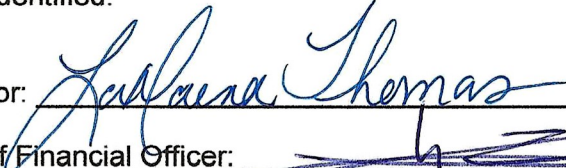


XII. Agreement to Improve Financial Position of Municipality

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 2022 MOU and is operating in good faith to correct those area of noncompliance that have been identified.

Mayor:  Date: 3/28/23
 Chief Financial Officer:  Date: 3/31/23
 Chief Administrative Officer:  Date: 3/28/23

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."

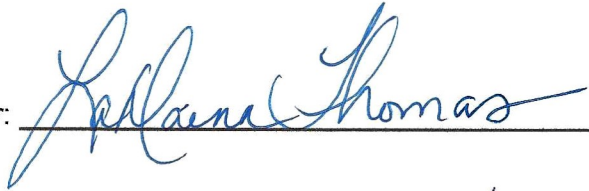
Human Resources or Personnel Director: _____ Date: _____

Chief Administrative Officer: _____ Date: _____

Application Year: CY2023	Municipality: Borough of Penns Grove	County: Salem
--------------------------	--------------------------------------	---------------

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: 3/28/23

Chief Financial Officer: 

Date: 3/31/23

Chief Administrative Officer: 

Date: 3/28/23