

TOWNSHIP COUNCIL OF THE TOWNSHIP OF FRANKLIN
TOWNSHIP COUNCIL RETREAT
COMMUNITY/SENIOR CENTER
JANUARY 26, 2003
1:30 P.M.

The Council Retreat of the Township Council of the Township of Franklin, County of Somerset, New Jersey, held at the Community/Senior Center, 505 DeMott Lane, Somerset, was called to order by the Mayor at 1:30 p.m.

The Mayor read a statement indicating all requirements of the P.L. 1975, Chapter 231, (The Open Public Meeting Act) had been met.

The Township Clerk called the roll.

Present: Ms. Eberle, Deputy Mayor Grippo, Mr. Levine, Mr. Mazzola, Mr. McKenzie, Mr. Mettler. Mayor Sumter, Mr. Chivukula and Ms. Barrier were absent at roll call but arrived shortly thereafter.

Absent: No One

Also Present: Kenneth W. Daly, Township Manager, Jean C. Pellicane, RMC, Township Clerk

1. ECONOMIC DEVELOPMENT STATUS REPORT AND DISCUSSION ON FUTURE DIRECTIONS

Sean DiGiovanna, Principal Investigator for the Rutgers University Center for Urban Policy Research, appeared at the meeting to present to Council Phase 1 Report of the Franklin Township Economic Development Study and to review the results as follows:

OBJECTIVES OF STUDY

- Industry and Occupation Trends and Forecasts
- Analysis of Development Infrastructure
- Industry Case Studies
- Analysis of Job Losses
- Development Strategies and Recommendations

PHASE I OBJECTIVES

- Obtain fully-disclosed employment data from state for Franklin Township
- Analysis of commutation patterns
- Industry and occupation trends and forecasts
- Basic economic analysis of Franklin Township
- Changing nature of employment (shift-share analysis)

Mr. Mazzola questioned if the figures include municipal employees. Mr. DiGiovanna responded that the figures were based on the 2002 Census data so it is all inclusive.

COMMUTATION ANALYSIS RESULTS

- **1990**
 - 69% of working residents work in Somerset-Middlesex-Hunterdon
 - 22% of working residents work in Franklin Township
 - 67% of employees in Township live in Somerset-Middlesex-Hunterdon
- **2000**
 - 69% of working residents work in Somerset-Middlesex-Hunterdon
 - 17% of working residents work in Franklin Township

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- Decrease in those working in Township met by increase in those working in the rest of Somerset County

Mr. DiGiovanno noted a demographic shift in the Township’s population which increased between 1990 and 2000, and the number of working residents which did not increase based on a greater proportion of children and senior citizens. The report also does not address people who are self-employed.

REGIONAL INDUSTRIAL TRENDS

- Industrial Trends and Forecast for Middlesex-Somerset Region
- Manufacturing declined from 23% of employment in 1990 to 17% in 2000. Decline projected to continue; 13% by 2012.
- Services increase from 25% of employment in 1990 to 34% in 2000. Will reach 40% by 2012.
- Trade declines slightly in its share, but is expected to stabilize at 26% by 2012.

FRANKLIN INDUSTRIAL TRENDS

- Industrial Trends and Forecast for Township
- Manufacturing increases from 14% of employment in 1993 to 17% in 2001.
- Services increase from 33% in 1993 to 44% in 2001.
- Trade experiences precipitous decline from 24% in 1993 to 19% in 2001.
- Based on regional forecast, manufacturing projected to decline, while finance projected to grow strongly.

BASIC ECONOMIC ANALYSIS

<u>SIC CODE</u>	<u>INDUSTRY</u>	<u>2001 FRANKLIN EMPLOYMENT</u>	<u>LOCATION QUOTIENT</u>	<u>BASIC EMPLOYMENT</u>
87	Engineering	4,019	2.51	2,415
73	Business Services	5,686	1.63	2,200
62	Security and Commodity Brokers	1,660	3.04	1,114
36	Electronic and Other Equipment	1,408	4.60	1,102
28	Chemicals and Allied Products	1,971	2.00	987
50	Wholesale Trade, Durable Goods	2,658	1.58	979
82*	Educational Services	1,291	2.69	810
48	Communication	1,194	1.63	460
10-14*	Mining	318	18.97	301
34	Fabricated Metal Products	588	1.91	280
49	Electric, Gas, and Sanitary Services	518	2.10	271
27	Printing and Publishing	776	1.29	174
30	Rubber and Misc. Plastic Products	419	1.69	170
70	Hotels and Other Lodging Places	930	1.21	160
15	General Building Contractors	518	1.44	158
33	Primary Metal Industries	142	1.29	32
61*	Non-depository Institutions	254	1.15	32

SHIFT SHARE RESULTS

<u>Shift-Share Matrix</u>	<u>Strong Regional Growth</u>	<u>Weak Regional Growth</u>
Strong Industry Growth	<ul style="list-style-type: none"> • Business Services • Engineering and Management Services • Insurance Carriers • Motor Freight Transportation • Social Services 	<ul style="list-style-type: none"> • Educational Services • Membership Organizations • Miscellaneous Retail Stores • Securities and Commodities Brokers • Transportation by Air

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Weak Industry growth	<ul style="list-style-type: none"> • Apparel and Accessory Stores • Chemicals • Depository Institutions • Electronics • Hotels • Instruments • Printing 	<ul style="list-style-type: none"> • Communications • Insurance Agents • Most Retail Sectors • Primary Metal Products • Wholesale Trade
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GENERAL FINDINGS FROM PHASE 1

- Franklin Township's economic base is strong and diverse
 - Strong performance in wide range of sectors
- Local economy has strong concentrations of industries that are projected to grow
 - Business Services
 - Engineering and Management Services
- Employment base is a good match for skills and talents of residents

QUESTIONS FOR PHASE 2

- What are the impacts of the loss of large employers in historically competitive industries?
- What is the future of manufacturing?
- Why is the Township underrepresented in retail activity?
- What are the prospects for an emerging agglomeration in the Health Services sector?

Mr. Mettler questioned if and where the study includes our existing laboratories in the ROL zone. Mr. DiGiovanna responded that there will be a research classification later in the study but, since the study is based on responses received from the industrial use, such uses may be classified by its primary product such as pharmaceuticals.

Mr. Mettler noted that in the past, the Township has attracted national companies, and those national companies helped Franklin attract other industries. Will the loss of some of these national companies be a problem in our future industrial growth. Mr. DiGiovanna responded that he will research this question but his instincts say that many of these national companies not looking good in today's economy with consolidation of facilities, shrinking economics, etc. The Township still has many well-known companies.

In response to questions from Mr. Chivukula, Mr. DiGiovanna noted:

1. While the North American Classification Code was used in the study, the Code only goes back to 1999 and conversions before then are not available.
2. The movement of manufactured goods in relation to highways will be part of the Phase 2 study.
3. The information in the report on commercial uses is based on employment only, not retail sales, and does not differentiate between mega-malls and strip malls. Phase 2 will study what exists now as well as the Hamilton Street Revitalization Program.
4. The number of Franklin residents employed in the retail sector is half of the average in New Jersey. Phase 2 will determine the demands of residents and the impact of large retail uses on existing retail businesses, transportation, and

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the resulting concentration of employment in one area and decreased employment in other areas.

Phase 2 of the study will include health services which currently are very concentrated in sections but, as a whole, are not a major sector of our commercial uses.

PHASE 2 CASE STUDY INDUSTRIES

- Services
 - Engineering and Management Services
 - Business Services
 - Health Services
- Manufacturing
- Trade
 - Retail
 - Wholesale

Mr. Levine questioned if the fact that residents go out of town for much of their shopping needs has any major impact. Mr. DiGiovanna responded that a municipality wants to provide work for residents but the Township has a good ratio now which is impacted by the Township's priorities in terms of traffic, jobs for residents, pollution.

PHASE 2 PROJECT OUTLINE

- Analysis of Development Infrastructure
 - Land Use
 - Transportation
 - Education and Workforce Development
 - Business Services (Climate)
 - Community Support

INDUSTRY ANALYSIS

- Sector Analysis
 - General trends in Services, Manufacturing, Trade, etc.
- Analysis of Recent Job Losses
 - Interviews with Merrill Lynch, AT&T
- Case Studies
 - Health Services
 - Manufacturing
 - Retail
 - Wholesale

STRATEGIES & RECOMMENDATIONS

- General Economic Development Goals & Policies
 - Land Use
 - Infrastructure
 - Workforce Development
- Targeted Business Development by Sector
 - Manufacturing
 - Services
 - Trade
- Considerations for Township Areas
 - Route 27 Corridor
 - North (Renaissance Redevelopment Area)
 - Central (Franklin Park)
 - South (Kingston)

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- Hamilton Street
- Easton Avenue
- I-287
- East Millstone, Griggstown, Middlebush

GUIDANCE FROM TOWNSHIP

- Creation and attraction of tax-paying businesses is a priority
- Residential development should be minimized
- Traffic congestion should be considered in future development strategies
- Preference for local businesses over branch plants of firms headquartered elsewhere

Deputy Mayor Grippo noted the need to provide retail uses for existing residential population and for the proposed residential age-controlled housing under construction without sending residents great distances to shop.

Mr. Chivukula noted that taxpayers continue to want clean industry and noted that the Study refers to our growth in the printing industry. Mr. DiGiovanna noted that the opening of a new firm in a town can have major impact. Franklin has had a book publishing firm and newspaper publishing firms move into the Township within the past five years. Why they moved here could provide evidence on similar uses in the future.

Township Manager Daly noted that, over the past two years, when Economic Development Director Frank Hasner has approached the subject of retail development, he has been discouraged. The Economic Development Report indicates that there is merit to retail development.

2. DISCUSSION OF CAPITAL BUDGET PRORITIES

Council reviewed January 23, 2003 memo from Township Manager Daly regarding Capital Planning Materials (2004 to 2009) and discussed the following:

Library Expansion/Renovation

Township Manager Daly and Capital Projects Engineer Jim Pettit have met and are in agreement with costs for the proposed project. Jim Pettit has recommended that, instead of going out to bid to get a better idea of the cost, we finish the plans and send the plans to an independent estimator. This method was used successfully prior to the construction of the public safety building. The Library Architect wants to provide his own estimates. Between the two estimates, Council will be able to make informed decisions.

Franklin Park & Easton Farms Drainage Projects

Township Manager Daly noted that, to facilitate the library project, other projects had to be deferred in order to remain within our prudent borrowing capacity, and these two drainage projects are being considered for deferral. Preliminary cost estimates for each project were distributed, with the Franklin Park project estimated at \$581,000.00 (with \$575,000.00 already bonded) and Easton Farms at \$5,796,817.00 (with \$400,000.00 already bonded).

Two additional components to the Easton Farms project require consideration. Should the project include (1) the installation of curbs which will require the substantial re-grading of most of the abutting lots, and (2) improvement of the roads after the drainage improvements are installed.

Council reviewed FY2003 Capital Budget and Five Year Plan indicating:

1. With an additional \$7 million in bonding, we will reach our prudent borrowing level. This number changes every year as we pay down debt.

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2. Assemblyman Chivukula has informed us that we will be getting a \$175,000 homeland security grant which will offset cost of the Police Radio system and reducing our debt.
3. Expenditures through the Somerset County Improvement Authority are debt and have also been included.
4. Projects not included for funding on the Plan are Middlebush Park and the East Franklin Drainage.

Council could move forward on Franklin Park and Easton Farms Drainage projects and put up to an additional \$1 million into library if necessary with reductions in expenditures from the Somerset County Improvement Authority to replace DPW vehicles and equipment. The Township has purchased substantial replacement equipment over past two years, therefore future reductions in equipment replacement would not present major maintenance problems. The Township would continue the program of regular replacement of police cars, implementation of the Citrix strategy for computer system, and funding for work on the GIS system.

Mr. Levine objected to any proposal to delay the installation of the Easton Farms Drainage project for which the residents have been waiting many years.

Township Manager Daly recommended that public water facilities be extended to both the Easton Farms and Franklin Park areas along with the drainage improvements, noting a emergent situation developing in Franklin Park as a result of low level ground water contamination by two gasoline stations on Route 27 closed by the NJDEP and our Health Department. The extension of the water facilities, however, is only feasible if it is accompanied by a mandatory water tie-in ordinance to pay for the cost of the facilities. Otherwise, the cost of the facilities would be borne by existing water customers.

Mr. Mettler noted that the subject of a mandatory water tie-in ordinance has been considered for 20-30 years and the adoption of such an ordinance would impact all residents who are not currently tied into available water facilities. The distance from the road/water lines of some of the houses which would be affected is substantial and connection would be costly. Mr. Mettler noted that he would like to see a draft tie-in policy before further discussion/decision. Ms. Barrier questioned providing a two-year or other suitable time period to residents to connect. Township Manager Daly will work with staff and prepare the requested draft.

Middlebush Park

In response to a question from Deputy Mayor Grippo, Township Manager Daly advised that there is \$250,000 in the FY2003 Budget for Middlebush Park to provide sports fields, roads, parking, and the walking trail. The skateboard park is sited on the Park map but funding is not provided. Current budget planning includes an annual appropriation of \$200,000 per year for playground equipment, and a program to improve all existing playgrounds has been ongoing. This program will be completed in 2005, and the \$200,000 annual allocation after that year can be dedicated to the skateboard park if desired. Deputy Mayor Grippo noted his desire to provide \$100,000 funding for Middlebush Park and \$100,000 for the Veterans' Memorial in FY2004.

Mr. Mazzola noted his strong belief in the need to provide improvements to the library and parks, and that the Township's ability to sell additional liquor licenses based on the 2000 census can be a source of revenue. Mr. Mazzola noted that he would not be in favor of selling the liquor licenses to resolve fiscal problems but would be in favor of their sale if the proceeds can be targeted for these projects.

Senior Citizen Computer Training Facility

Mr. Chivukula questioned the feasibility of including space within the expanded Library for a senior computer training facility. Township Manager Daly advised that the Library Board wants to keep the computers out in the open so the adults can monitor their use by children. Township Manager Daly and Capital Projects Engineer Pettit will discuss this proposal with the Library Board. Ms. Barrier concurred with the concerns of the Library Board on the monitoring of computer use by our youth and stated her preference to keep the two uses separate.

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Council took a brief recess at 3:22 p.m. Meeting resumed at 3:34 p.m. with all members returning.

3. DISCUSSION OF FINANCIAL FORECAST AND BUDGET PRORITIES AND FY2004

Council reviewed January 24, 2003 memo from Township Manager Daly regarding Financial Forecast and FY2004 Budget Process.

Township Manager Daly advised that he is projecting an increase of \$2.4 million in FY2004 Budget. Problems anticipated but averted last year regarding payments to the State pension fund will occur again in FY2004. Announcement has already been made that Municipal Aid will remain constant, and other revenues have decreased. A seven cent tax increase is anticipated, resulting in a \$140.00 per year increase for the average house valued at \$220,000. If Council wishes to have staff prepare a budget with no increase in the tax levy, a 12% cut would be required in those areas of the budget that can be cut and the need to cut 33 full time positions.

In response to a question from Deputy Mayor Grippo, Township Manager Daly noted that while there will be some turnover in part time positions, the staff cuts cannot be absorbed by attrition. Council discussed the following items in Township Manager Daly's memo:

“As shown in the attached work sheet, the first option will require substantial cuts in controllable items. If Council chooses this or other direction requiring substantial cuts, then your direction is requested as to how these cuts should be distributed, at least for purposes of the proposed budget presented in July. Some of the major alternatives include:

- All departments and services are cut by the same percentage.
- Some departments or services are cut more than others.
- Some departments or services are not cut at all, with cuts falling on all others (cross the board or prioritized).
- Growth in staff is permitted in certain areas (e.g., Police), with cuts distributed elsewhere in the same department and in other departments.

Related policy directions that should be considered on Sunday:

- Since layoffs will be required for benchmarks such as no increase in the levy, what should be the target date for making layoffs effective? The later in the year, the more layoffs are required in order to meet a target expenditure cut.
- Should Council adopt an internal rule that any Council member who wants to propose an expenditure increase in one line must propose an off-setting cut in another specific line?
- As Council knows, there are a number of lines which are there in case they are needed, e.g., snow, building maintenance, vehicle maintenance, legal ads. When these lines are not spent, they go into the surplus which helps hold down the need for tax increases or cuts in other services. It is relatively painless during the budget process to cut some of these lines because they don't involve layoffs. The pain comes in later budgets in the form of emergency appropriations or less surplus. How does Council want these lines treated?
- To what extent can tax levy targets be achieved by shifting costs to fees? Budgets over the last few years have done this with Recreation, moving more and more of that budget to the Recreation Trust. Should that trend be continued with Recreation? Elsewhere?
- If a department or service is already self-supporting through its own revenues (e.g., Construction Code), should it be exempt from cuts? What about department that are partially self-supporting by fees? Should that be taken into account when distributing cuts?

Finally, whatever benchmarks Council provides on Sunday, it is my intent to continue the moves made in the last few years to make the budget a policy document so that Council will be able to relate expenditures to quantifiable services delivered. Or, since the focus of this memo has been

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on budget cuts, each department will need to show how cuts in budget result in reductions in quantity or quality of services to the public.

This item will be discussed further at the February 4th Work Session.

PUBLIC DISCUSSION

Upon a motion made, seconded and agreed, Council opened the meeting for public discussion.

John McConville, Stoneleigh Road, noted the need for Council to cut spending for projects lacking sufficient funding.

Upon a motion made, seconded and unanimously agreed, the public discussion was closed.

4. COUNCIL ROUND TABLE

Mr. Mettler noted:

1. The Council will have difficult problems with budget decisions and the trickle down effect of those decisions.
2. Congratulated Governor McGreevy on his appointment of Peter Harvey, resident of our 3rd Ward, as the State's Attorney General.

Ms. Barrier noted:

1. Very big challenges with the budget next year and in the future, urged Council to make necessary cuts to stabilize taxes, investigate new grant opportunities, continue the efforts of our Economic Development Department to get vacant business properties occupied to offset residential taxes.
2. Council's challenge to resolve traffic problems with only three major north/south roads and even fewer east/west, through investigation of jitneys and other forms of transportation with limited funding from the taxpayers but with funding through grants.
3. Thanked the Council and Township Manager for the information provided and discussed today.

Mr. Mazzola noted

1. Need for Council to go forward with our short term economic needs which must be geared to generate revenues.
2. The Township is at the ceiling of our prudent debt limit and has nothing left to spend on debt.
3. Renaissance 2000 Redevelopment project has finally started to progress, but the project has lost its focus from assisting existing residents and businesses and needs to be reviewed and refocused.
4. Advocated for control of the out-of-pocket tax load, even if that means painful decisions on services and personnel.

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Mr. Levine noted:

1. The Township spent multiples of the inflation rate last year which is unfair to taxpayers. There is a tendency to accept programs that already exist and only scrutinize new proposals. All projects need to be looked at for inefficiencies.
2. Customer service is essential and there is need to insure that all Township employees are providing courteous and good service to the public.
3. The Youth Service Commission/Alliance Against Substance Abuse desires to prevent gang activities, help our youth at risk in the entire Township and work with the Board of Education for a united front.

Ms. Eberle noted:

1. The need to fulfill the quality of life issues for our citizens with our limited finances
2. The need for the Economic Development Department to attract ratables.
3. The need to address traffic and drainage problems.
4. Thanked Township Manager Daly and Capital Projects Engineer Pettit for their work on the drainage estimates.

Mr. McKenzie noted:

1. The need to control spending.
2. The need to look closely at the library close to see if there are items which we can omit and still have a fine facility.
3. The need to pursue solutions to traffic problems, continue economic development, and insure efficient and helpful service to our citizens.

Mr. Chivukula expressed his prayers for a wonderful 2003, urged Council to face the many tough choices while remembering the unemployed and those on fixed incomes, and urged Council to work together, to define our priorities.

Deputy Mayor Grippo noted:

1. Need to resolve traffic problems, noting the final meeting of the Route 287 Task Force next week, the need to keep up to date with the localized improvements recommended to our Freeholders and to urge the Freeholders to move on these improvements.
2. Need for the Council Liaisons to sit down with the Board of Education to find ways to share services/facilities and save money.
3. Need to provide for the needs of our citizens in the way of affordable housing for seniors, skateboard park and recreation programs to diminish juvenile delinquency and gang activity, expansion of our library and the sharing of these facilities with other groups, pursue the construction of a YMCA in the Township to compliment our recreation program.
4. Need for the Cable Television Advisory Committee to focus on good programming for Channel 14 for this year and work with RCN to make this a good communication tool and linkage to community.
5. Urge Council to continue to work towards being one of the finest communities in the State.

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Mayor Sumter noted:

1. Thanked Governor McGreevy for appointing Peter Harvey as Attorney General.
2. Difficult times ahead of the governing body and the need to get our priorities straight and deal with essential projects and provide places and activities for school children.
3. Congratulated Township Manager Daly for his work.

Upon a motion made, seconded and unanimously agreed, the Retreat was adjourned at 4:15 p.m.

Respectfully submitted,

Jean C. Pellicane, RMC
Township Clerk