

State of the City
January 18, 2024

Good evening, everyone.

The City is doing well. With the impacts of Covid and Ida ever diminishing in the rear view, Lambertville has hit a stride that feels comfortable and reassuring. Though external factors are always afoot, our community is strong, our economy is strong, and our prospects are good.

Community

Community will always be driving force of Lambertville's vitality. It can be seen in the volunteers who serve on our municipal boards and commissions, who plants trees in our parks, who serve the clients of Fisherman's Mark, who write grant applications, volunteer in our library, organize and oversee events like the Halloween parade, the Green fair, the Wednesday community lunch, Oaxaca Day, park clean up days, ride shares, Fisherman's Mark, Shad Fest, Porch Fest, the Memorial Day parade, the Christmas tree and menorah lighting; those who serve on the CERT, the Chamber of Commerce, in the Legion and on the school board. And there are those who give not just generously of their time, but also their money. In the closing week of 2023, for example, the City's Shade Tree Trust fund received a \$10,000 donation from the family of Nancy Northrup and Jim Johnson and a \$5,000. donation from Michelle Rago. When the Library Board sent a City-wide appeal in late November, it received \$13,183. in donations, including checks from half a dozen local businesses. The generosity of our people, in time or money or both needs to be recognized as part of who we are, a feature so predominant it shapes our success as one of the most loved places in all of New Jersey.

Economic Environment and Municipal Finances

Underlying economic factors in the City are strong and positive. Local income levels continue to outpace state and national levels; our unemployment rate continues to be lower than those of the county, state and country. In 2023, our assessed valuation reached \$871,158,792, a one-year increase of 31,540,400.; and in the last five years, market values have increased nearly 33%. Commercial investment, whether through local or outside sources, in Lambertville is as promising as it is noticeable: the new restaurants, the new homes, the cannabis retails shops, and the rehabilitation of key buildings in the Central Business District all contribute to our strength. Additionally, the City now has 41 registered short-term rentals which bring further economic growth as these visitors stay not simply for a meal and a stroll, but often for several days of shopping, dining, coffee drinking, and so forth.

What of the City's finances? They have turned the corner. Four weeks into my term, S&P Global Ratings downgraded Lambertville from AA Stable to AA Negative, and perhaps the most concise way to explain our current financial situation is to read a passage from the S&P Global Rating report issued on December 21, 2023:

“Following five consecutive years of decreases to available current fund reserves, operational performance for the city has stabilized in the last two fiscal years, which we believe is reflective of improved budgetary management and oversight. Fiscal 2022 current fund results reported revenues less than expenses; however, this was driven by the delayed receipt of a USDA grant, the funds of which were used in 2022 but received in 2023. As such, the current fund balance improved in each of the last two fiscal years, totaling \$1.1 million at fiscal year-end 2022. Management has shifted its approach to its budget by taking an aggressive stance on funding operations, utilizing less fund balance, and fully replenishing by year-end. Certain policies have been enacted to utilize increased fees and fines, including increased beverage taxes, to cover expenses, which has resulted in improved financial operations. Management plans to sustain its current fund balance above its informal target of \$1.0 million, and continue rebuilding reserves with the addition of cannabis revenues, investment income, and increased fees and fines. Full regeneration of appropriated surplus is expected for both fiscal years 2023 and 2024.”

I’m pleased to report our rating has been upgraded to AA Stable. What the report doesn’t indicate is that the lion’s share of this stabilization came in the form of significant tax increases *even* as our property values continued to climb—a fact so unavoidable, it must be reiterated. It has been a painful few years for our municipal taxpayers.

Our municipal finances are not just stable, they are improving. When Union Chill welcomed its first customers on June 14th, the City welcomed a new source of revenue—the 2% transfer tax on retail sales of Cannabis. In the last four months, the average tax revenue from Union Chill was almost \$12,000 per month. Projected sales for Union Chill in 2024 are a whopping \$9.5 million, which translates to \$190,000 in revenue to the City. Baked by the River recently opened its doors on Church Street and though I don’t have projections yet, it’s reasonable to assume their impact on City finances will also be important. Raising the meter fee 25 cents per hour—the rate of which is still well below New Hope’s—left us \$125,182.33 over the 2022 number.

The Finance Team has not worked sufficiently through the 2024 budget yet enough for me to speak to specifics, but these new revenues will have a positive impact to the bottom line.

The City continues to be supported by an excellent full and part time staff of 45 people. This past year saw the retirements of Cindy McBride and Trish Wozniak, Tax Collector and Court Administrator, respectively. Jessica Crea was hired as the Tax Collector and Kathryn McLauren as the Court Administrator. We welcomed Jill Titus to the new position of part time Accounts Receivable Clerk. Raymond Genito left the Police Department and we welcomed Officer Henri Zilliox, and Parking Enforcement Officer Jack Angeloni. We said goodbye to Susan Schlesinger who served as Fire Official for nearly two years and hired Frank Ur to fill that position. We welcomed Christopher Burket to the DPW.

As the Finance Team and I work through the 2024 budget, I very much hope to fund a new position, likely part time, to assist in overseeing Human Resources and the management of ongoing projects. The functions and processes of Human Resources, dispersed as they are

among department heads and myself, cannot be considered best practices. To reduce the strain, as well as the risk, Human Resources should to be centralized. I simply don't have the time or the training to be an effective HR Director for a team of 45—though I note the police department has independent procedures which are largely outside of my HR responsibilities.

To wit, I am proposing a major change to our Fire Prevention program. I will soon introduce an Ordinance designed to shift the Providing Lead Agency for Fire Prevention from the City to the Lambertville Fire District. The New Jersey Division of Fire Safety audit I referenced in last year's State of the City address was not sufficiently reconciled in 2023 and I feel strongly that in order to stabilize and ensure the future success of the fire safety program, it's time for the City to hand it over to the resources and expertise of the fire district.

Redevelopment

The City will soon introduce amendments to the High School Redevelopment Plan. In March of 2022, the City was approached by K. Hovnanian for the possible redevelopment of the site. The City Council and I have been in discussions with them since, and, as a result of steady progress, the company was designated as the Conditional Redeveloper by unanimous consent of the Governing Body on August 18, 2022 (Resolution 159-2022).

The redevelopment of the former High School tract was included as a "compliance mechanism" for our affordable housing obligations in the May 22, 2018 Fair Share settlement agreement. For all the legal dryness of the term "compliance mechanism," we must remember that not only do we have the legal obligation to provide affordable housing within our boundaries, but a societal one as well.

At this time, I can offer no news on the future redevelopment of 295 N. Main, the Village apartments. The site is under control of the contract purchaser and we await an amended proposal.

Stormwater and Resilience

The challenges of managing stormwater in Lambertville is a heavy burden and may best be examined through our reassignment to the NJDEP issued MS4Tier A permit. In addition to our former requirements under the MS4Tier B permit, the City must now comply with 34 new or modified regulations. For a small municipality with limited resources, the breadth of these regulations is daunting and, without a disciplined approach to ensure the necessary resources are in place, we will fail to meet the regulatory requirements.

The goal is not just to manage the rainfall totals of 2024, but to prepare for the rainfall totals of 2055. With 13 miles of roads, three creeks, 1,800 residential units, scores of businesses, more than 540 storm inlets and outfalls, unexamined miles of underground culverts and pipes, the 100- and 500-year flood plains, impervious parking lots, dozens of regulatory requirements, ongoing cross jurisdictional issues, a DPW crew of eight whose primary role is trash and recycling, and a part time mayor, how effectively can the City manage stormwater? There were

hard lessons from Ida, and recent rainfall events prove we are not holding up our end of the bargain. Increased pressure on our system is not only an environmental issue, it is a health and safety issue and we must look at every possible solution, beyond the uncertainty that the status quo will suffice.

Using a grant from the New Jersey League of Conservation voters, the City is currently undertaking a Stormwater Utility Feasibility Study with Princeton Hydro and WSP. Our first focus group meeting is this coming Tuesday – the members of the focus group has been chosen to represent a broad swath of community stakeholders. The meeting will be recorded and I encourage all residents to watch it and be a part of the public process as it continues to unfold.

In terms of Resilience, the City continues to engage its mission: **A resilient Lambertville is prepared, connected, equitable and mutually supportive. Equipped to withstand, adapt, and thrive when faced with adversity.** Awarded a grant from the NJDEP's Municipal Assistance program, the City will soon collaborate with the DEP and consultants from Kleinfelder to complete a comprehensive Vulnerability Assessment and a Resilience Action Plan. Robust public engagement will be the first step. On Tuesday, I spoke with our contact at the NJDEP and he expects the final phase of the procurement process to be complete in the next month or so. This will be the principle focus of our resilience work in 2024. Additional projects include flood mitigation efforts the Pittore Justice Center and planting trees in our parks and along our streets.

Municipal Projects

A run-through of municipal projects. In the spring, Studdiford Street from Douglas to Swan will be repaved, as will a section of Swan below Studdiford Street. The entire length of North Franklin Street will be repaved. Later in the year, South Franklin Street from Highland to Swan will be repaved. The Church Street block between N. Franklin and N. Main will also be repaved and reinstated as one way, headed west. The sidewalk in front of the N. Union Street parking lot is scheduled for replacement the first week of April, when the elementary school is closed for vacation; that contract also includes replacing a section of sidewalk along Lily Street. Michael Burns, the City Architect, is drafting an RFP to repair the Library elevator and raise its mechanicals off the basement floor. Michael is also going to provide estimates for the repointing and repainting of the Library, something I'd like to see done this year. Repairs have been made to the roof at City Hall, and the antique iron fence has been put up along the western edge of City Hall. Lastly, the expansion of the DPW garage to include a breakroom and new bathrooms as well as the construction of a pole barn for our large equipment is expected to be complete by early fall.

At Holcombe Park, we are nearing completion of our requirements for the Green Acres program. Jackie Middleton has graciously volunteered to apply for additional funds from the County Open Space program. The National Fish and Wildlife Foundation grant is underway, the scope of which may be reviewed on the Holcombe Park webpage of the City site. A public

design charette will be held on February 22, 2024, details and updates to follow. All are welcome to attend and participate.

Among the Governing Body, there is unanimous support for selling part of the property—namely the farm market and the log cabin—to pay down the debt, and we are actively working toward to that end. There are a number of moving parts to complete sequentially and behind the scenes, which explains why it may seem that “nothing is happening.” As the Governing Body continues its work, please remember the public are free to enjoy the open space and I am always happy to arrange tours of the buildings on request.

Two other projects of note: Lambertville Public School is undergoing a major renovation and the City is partnering with the district to repave the City-owned parking lot with pervious paving. The lion’s share of this project will be paid by the school district, though the City will pay application fees and other relatively minor costs associated with the project. Secondly, construction on the toll-supported Lambertville-New Hope Bridge is slated to begin on January 29th and the renovation and lighting project should be complete by early fall.

In short, the state of the City is good. Let us continue to feel grateful for our community, our history, our sense of self, plenty of hard work, and regular doses of fun.

Respectfully submitted,
Andrew J. Nowick, Mayor

