

**Township Manager's
Proposed 2019
Municipal Budget
Dean B. Kazinci
Interim Township
Manager**

Proposed 2019 Municipal Budget

Budget Preparation Process

1. Department Head Requests
2. Manager/CFO Review
3. Manager/CFO/Department Head Public Hearings (November 2018)
4. Public Input at Council Meetings (1/29, 2/11)
5. Manager/CFO/Auditor review
6. Manager's presentation to Council of proposed budget appropriations and estimated revenues

Proposed 2019 Municipal Budget

Budget Preparation Process

7. Council review and public hearings
8. CFO/Auditor's Revenue and tax levy cap projections
9. CFO/Auditor's review and recommendations
10. Manager's Budget to Council rev. statutory 2/28
11. Council introduction of budget by revised statutory date of 3/29 or next meeting (4/9)
12. Hearing and adoption of budget by revised statutory date of 4/30 or next meeting (5/7)

Assumptions

2019 Budget is dependent upon:

- Council determination of 2019 Municipal Budget Appropriations
- Fund Balance (Surplus) available for 2019
- 2018 Municipal Revenues' Analysis and 2019 Revenue Anticipations
- State Aid allocations for 2019
- BCUA Sewer Increased 4.20%
- Special Emergency Financing for Terminal Leave

Proposed 2019 Municipal Budget

Proposed tax rate increase is 0.73%

Estimated annual tax increase:

Average home assessed at \$384,308

Increase in Taxes

Per year: \$31.28

Per month: \$2.61

Tax Levy = Budget Appropriations Minus Revenues

Possible Appropriations Cap Issue If Cap Bank
Ordinance Is Not Adopted

No Tax Levy Cap Issue Expected

Appropriation vs. Revenues vs. Rate

- Appropriations – what the municipality intends to spend on operations
- Revenues – what the municipality earns through various fees and the collection of taxes
- Rate – the amount of taxes to be raised / the net property valuation (total value of all properties in the Township)
- Simply stated, the tax rate is a percentage of your property value that you are taxed on

Appropriations Cap vs. Levy Cap

Appropriations Cap

- Enacted 1977
- Originally capped budget appropriations increases at cost of living (COLA)
- Amended in 2003 to 2.5%
- COLA Ordinance 3.5% and Cap Banking

Levy Cap

- Enacted 2007
- Amended in 2010 to 2% and modified exclusions

Exclusions from 2010 Levy Cap

- Increases in Debt Service and Capital Expenditures
- Weather and other “declared” emergencies
- Pension contributions in excess of 2%
- Health benefit cost increases in excess of 2% and limited by the increase in State Health Benefits rate increases

Known Impacts on 2019 Budget

- Higher Fund Balance/Surplus (Increased from \$6,263,544 to \$7,015,000

(Difference of \$751,456)

- Terminal Leave payouts due to increased retirements in Police and Fire Departments
- Health Benefit increases
- BCUA increase

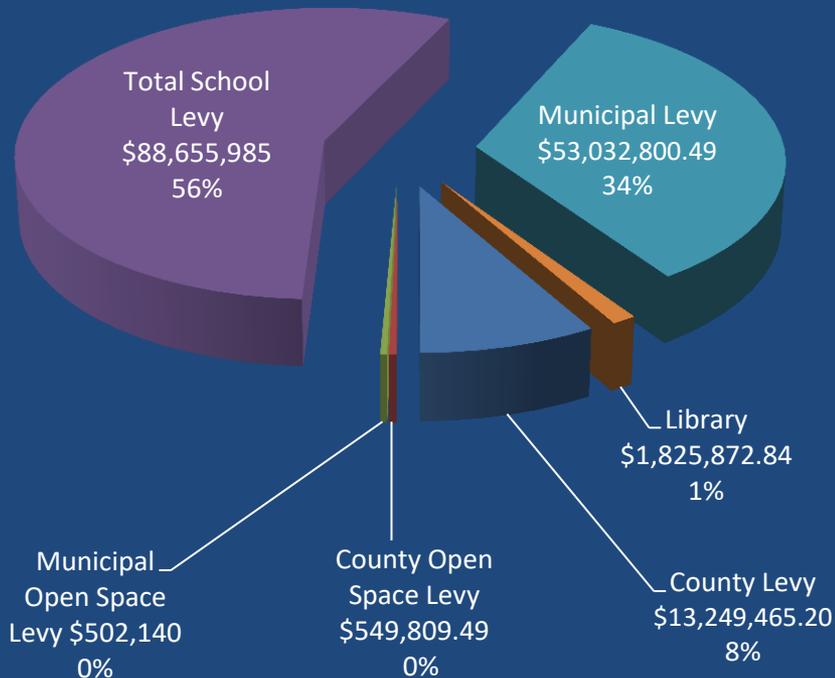
How We Arrived at 0.73 % Tax Rate Increase

- Removed \$750K in Terminal Leave and included cost in Special Emergency Financing
- Increased utilization of Surplus (+\$550,000)
- Increased Tax Collection % due to Prepaid Collections in December 2017
- Maintained or reduced operating expenses for all departments
- Maintained Tax Appeal Reserve at \$300,000

2018 Tax Breakdown

Tax Breakdown

**Total Property Taxes:
\$157,816,073.20**

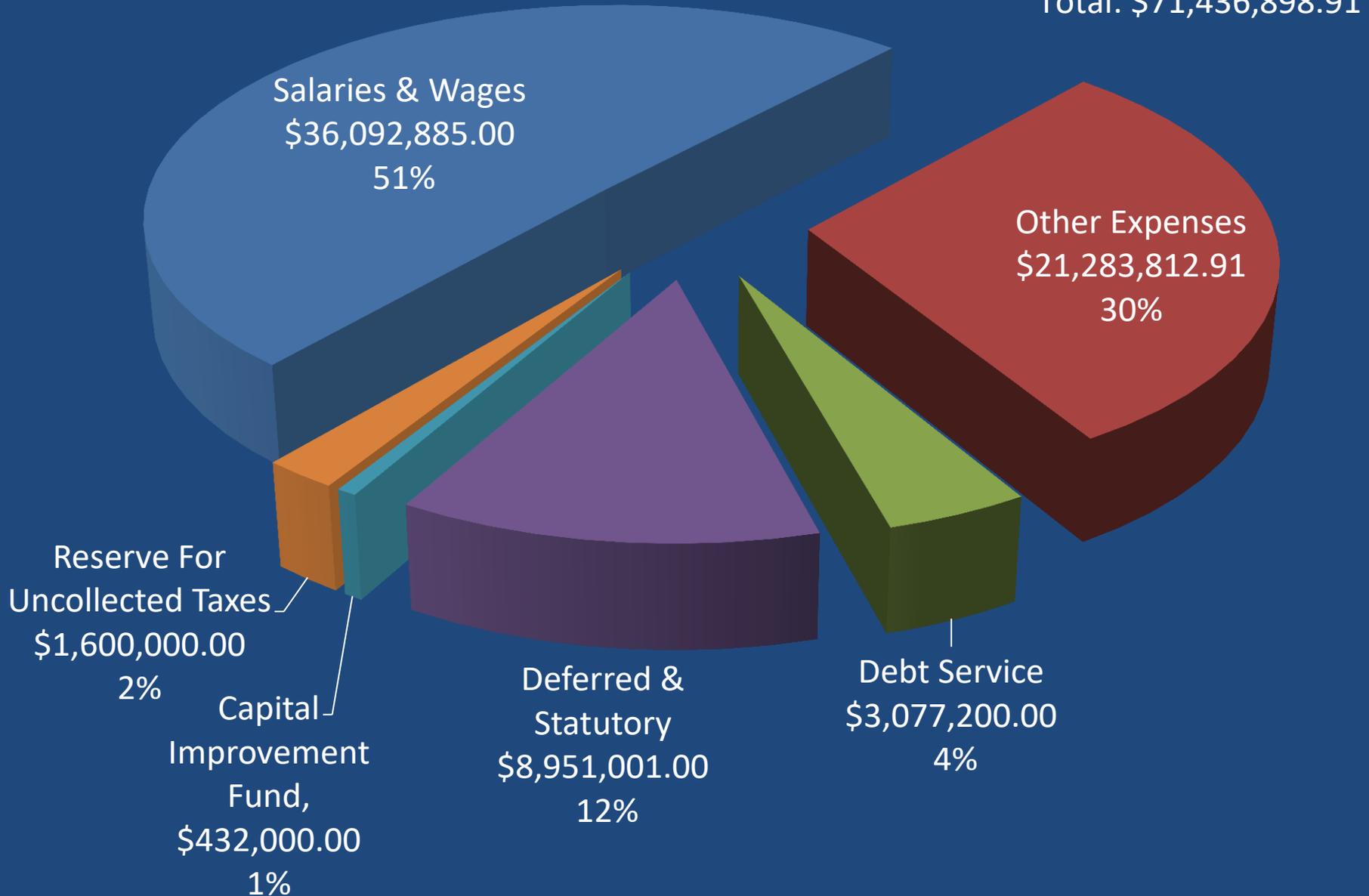


- Proposed budget refers to municipal portion of taxes only
- All taxes are paid to and collected by the municipality's Tax Collection Office
- Taxes are forwarded to all taxing entities biweekly/quarterly
- Tax Breakdown comparison: Municipal – 38% (1943) vs. 35% (2019)

2019 Proposed Budget

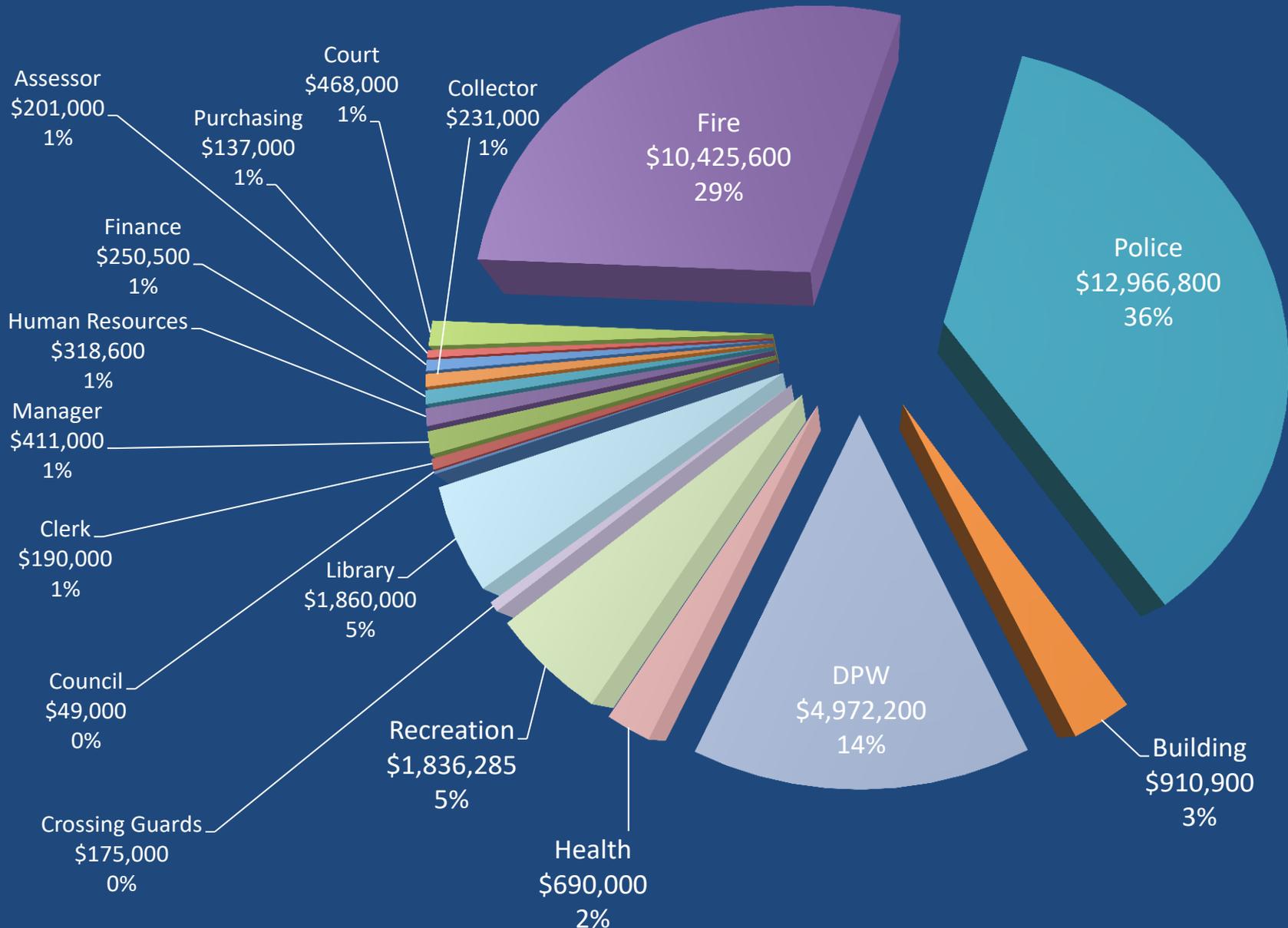
Budget Appropriation Categories

Total: \$71,436,898.91

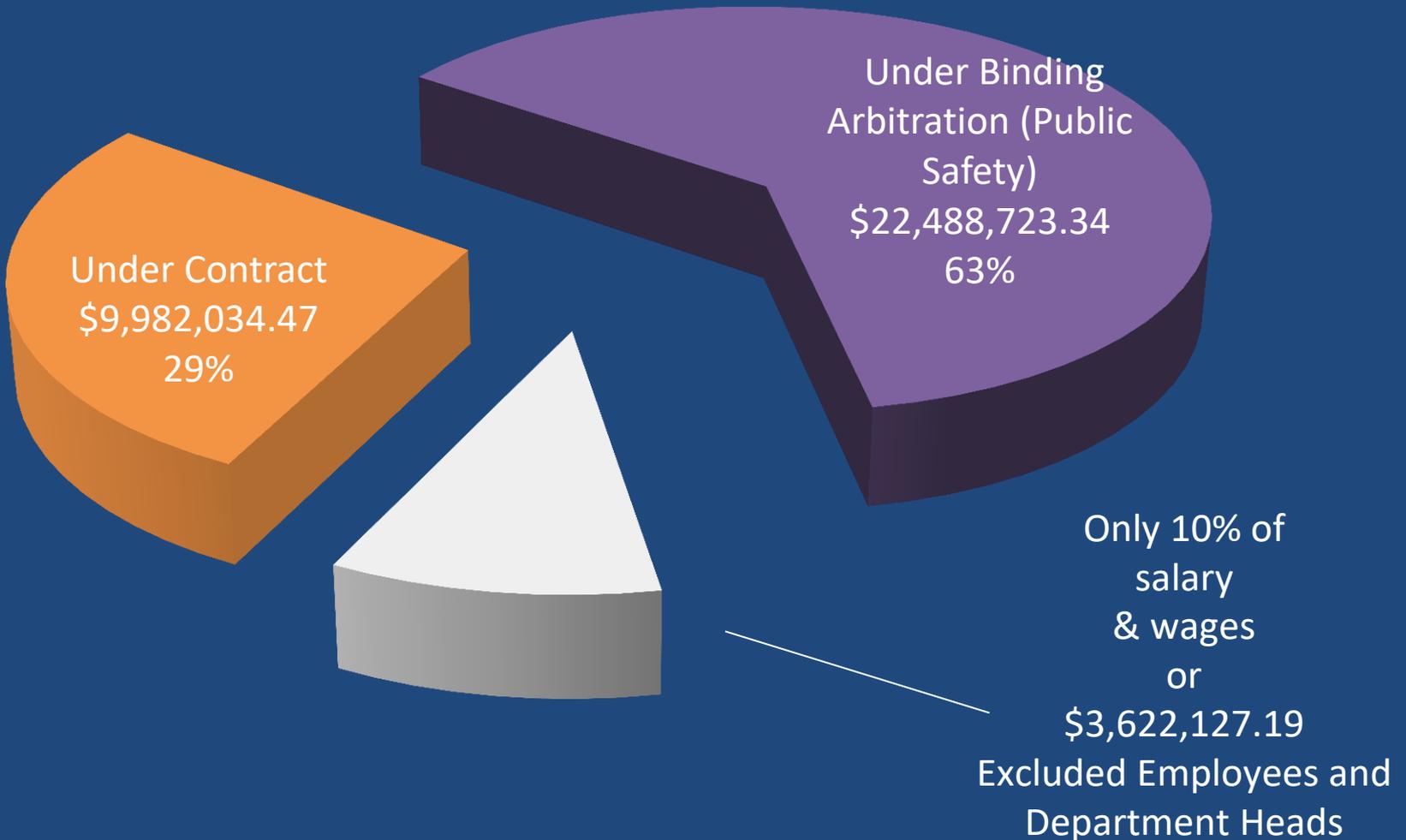


Proposed Salaries & Wages

Total: \$36,092,885



Salary & Wage Increases Required by Union Contract



Total: \$36,092,885.00

Collective Bargaining Agreements

- Police SOA Exp. December 31, 2021
- PBA 215 Exp. December 31, 2021
- AFSCME Exp. December 31, 2019
- Library Exp. December 31, 2019
- DPW Supervisors Exp. December 31, 2020
- DPW Non-Supervisors Exp. December 31, 2019
- PFOA Local 242 Exp. December 31, 2021
- FMBA Local 42 Exp. December 31, 2016*

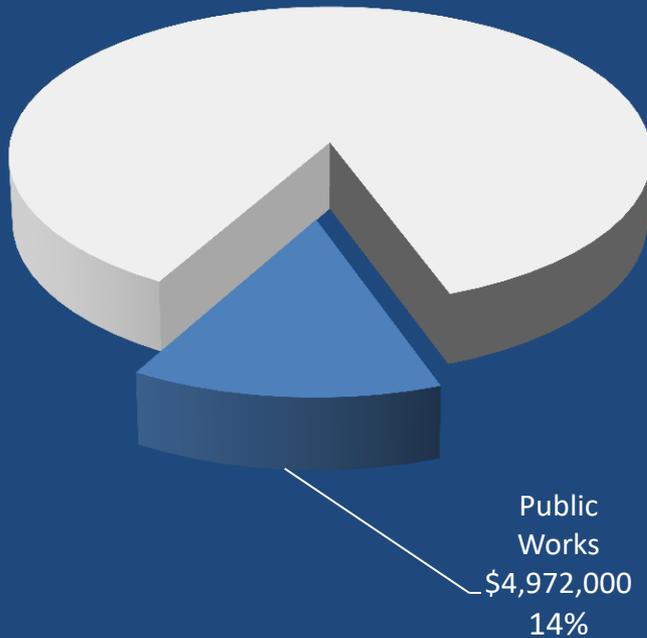
*FMBA Local 42 currently under negotiation. All expiring contracts to begin or commence renewal discussions on or about June 2019.

Salaries and Wages Summary and Recommendations

Department of Public Works
(DPW)

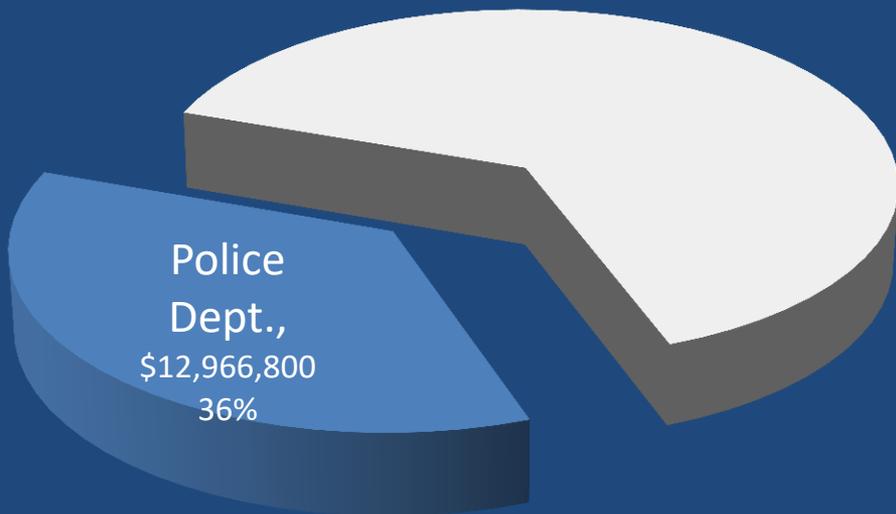
2019 Recommendations

- Fill (1) vacant laborer position



Salaries and Wages Summary and Recommendations

Police



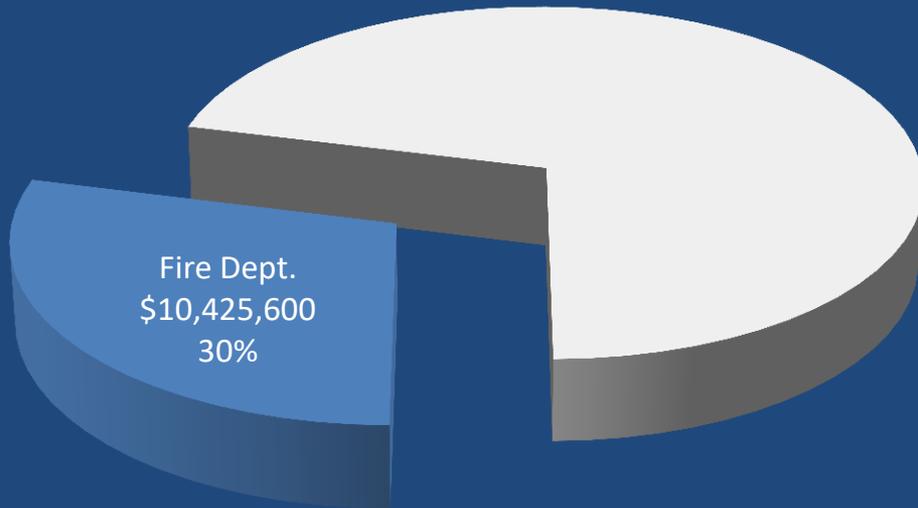
2019 Recommendations

- Authorized strength via ord. (115) uniformed officers
- Maintain strength at (95) sworn officers
- Current staffing level is (92) officers with 3 positions to be filled
- 1 Part-Time Parking Enforcement Officer Budgeted
- 1 Civilian Administrative Aide Budgeted

Salaries and Wages Summary and Recommendations

Fire

2019 Recommendations



- Authorized Strength of 92 uniformed Fire Fighters
- Current strength of 89 uniformed fire fighters with 2 positions to be filled
- Maintain Fire Department at 91 uniformed Fire Fighters

Salaries and Wages Summary and Recommendations

Manager's Office

2019 Recommendations

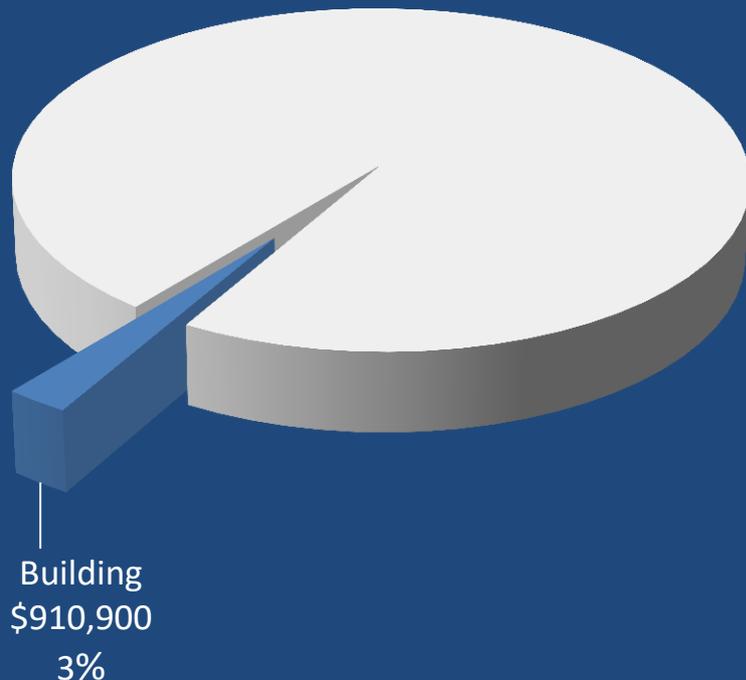
- Fund Deputy Manager position on or about 5/1/2019 (prorated salary)



Salaries and Wages Summary and Recommendations

Building Department

2019 Recommendations



- Add stipend for Community Development Officer
- Add part-time Keyboarding Clerk 1 to assist Technical Assistant to Planning Board/Board of Adjustment

Salaries and Wages

Summary and Recommendations

Terminal Leave Trust

- Removing \$750,000 from 2019 Budget
- Utilized \$200,000 from 2018 appropriation reserves to offset added retirement payouts
- Will utilize 5-Year Special Emergency Financing to offset terminal leave payments in 2019

What are Special Emergency Appropriations?

Per N.J.S.A. 40A:4-53:

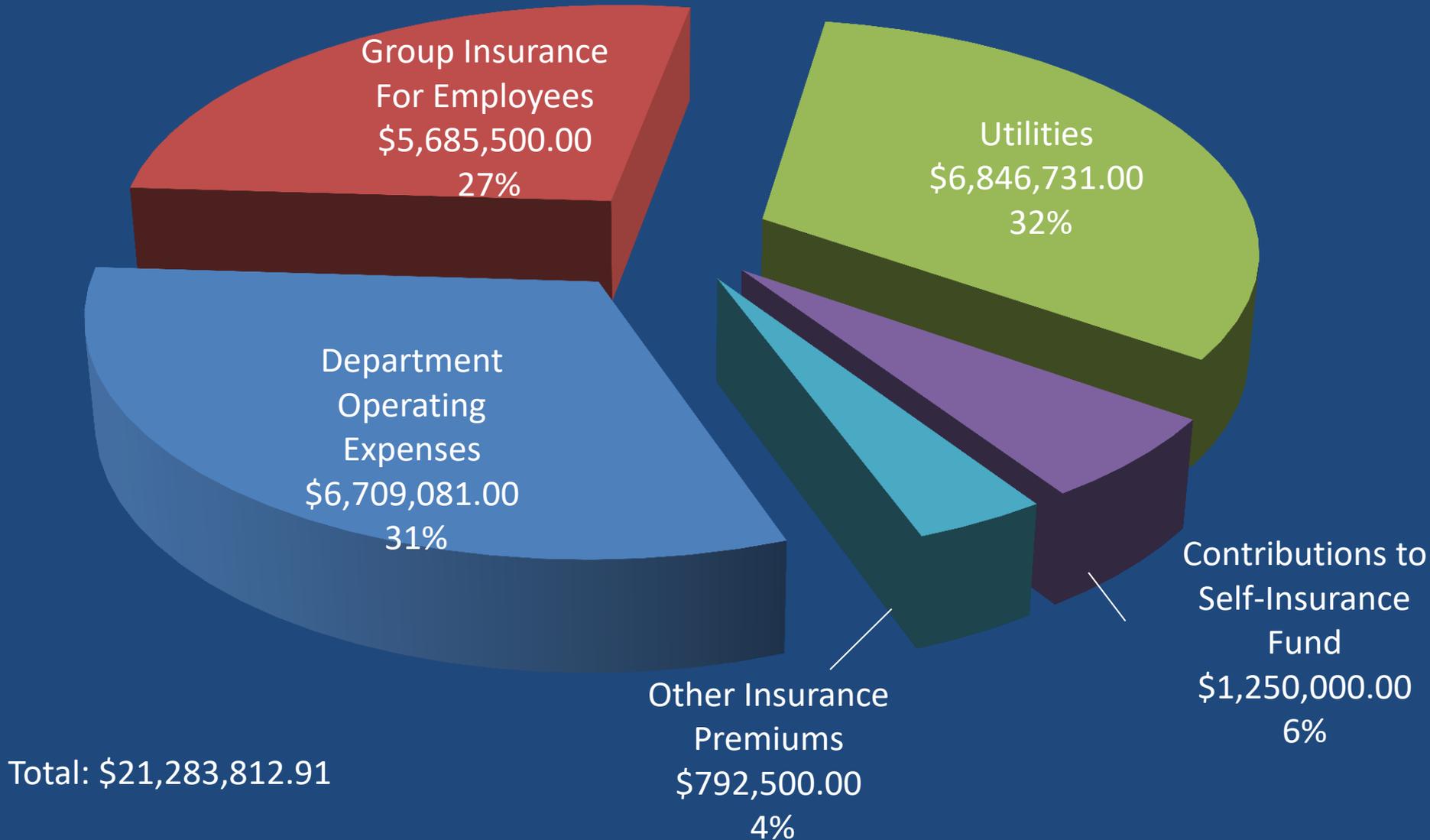
- Preparation of Tax Maps
- Revaluation
- Codification of Ordinances
- Preparation of Master Plan
- Drainage Maps/Flood Control
- Engineering/Planning of Sanitary Sewer System
- Municipal Consolidation
- Severance Liabilities (Terminal Leave)
- Preparation of Sanitary/Storm System Map
- Tax Appeal Refunds

Salaries and Wages Summary and Recommendations

Overtime

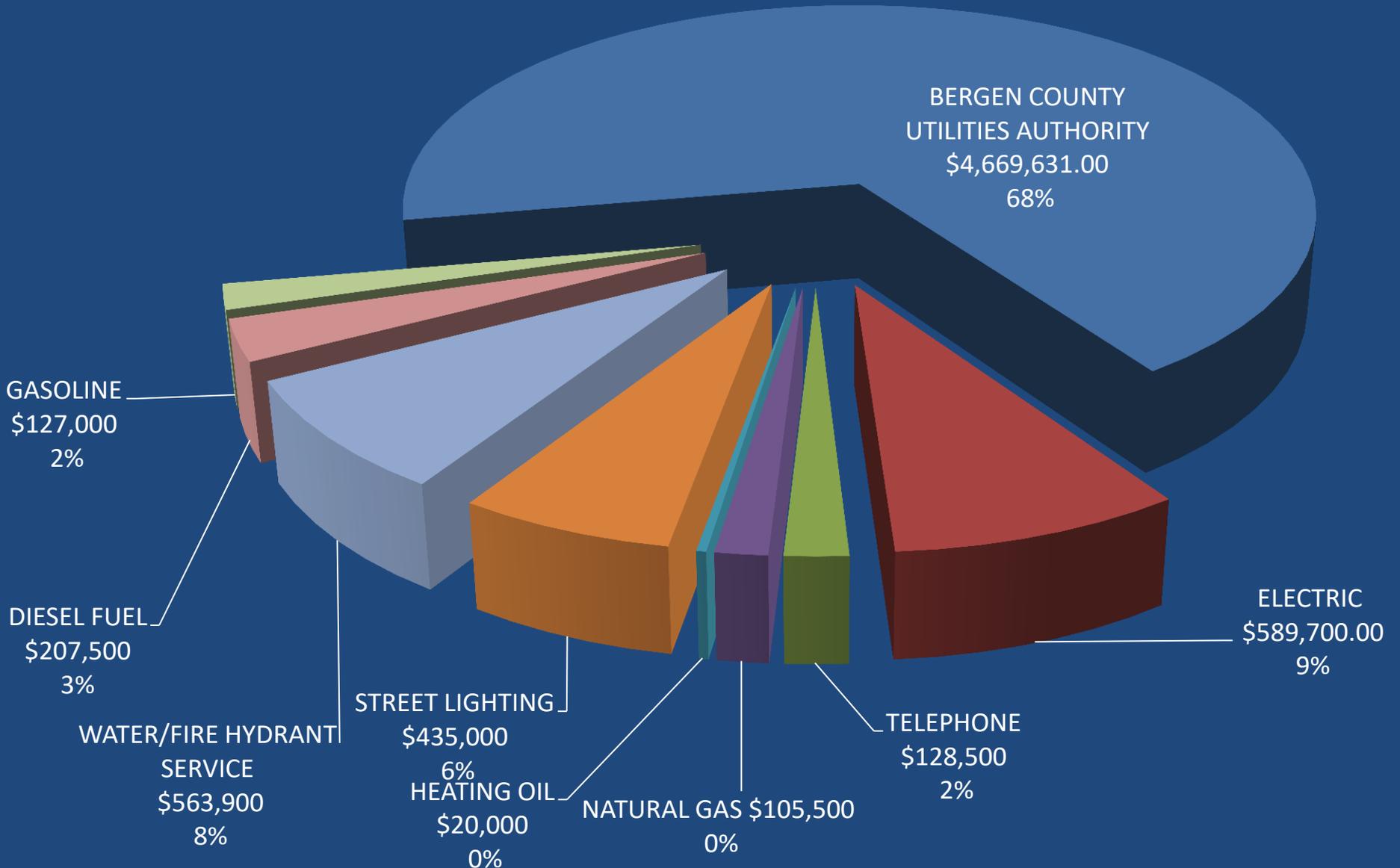
Dept.	2019	2018	Change %	Spent
Fire	\$500,000	\$500,000	0%	\$503,055.13
DPW	\$326,400	\$326,400	0%	\$322,099.69
Police	\$600,000	\$600,000	0%	\$680,561.51

Appropriations Other Expenses

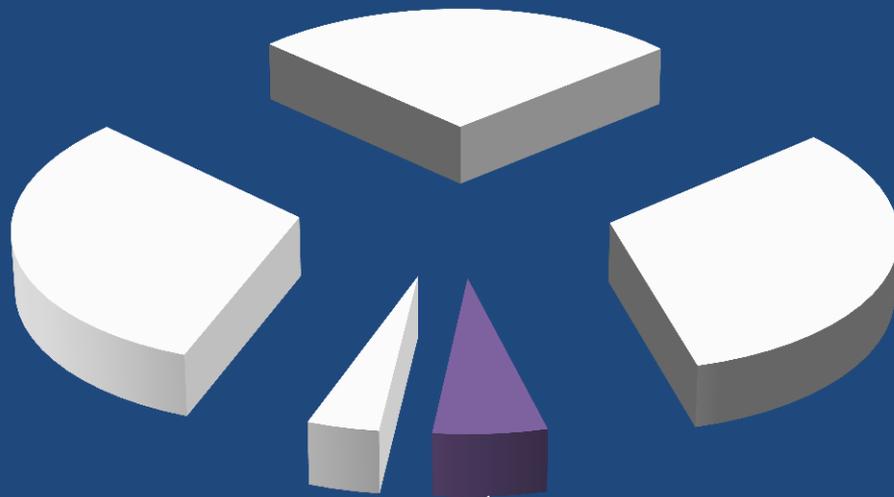


Utilities

Total: \$6,846,731.00



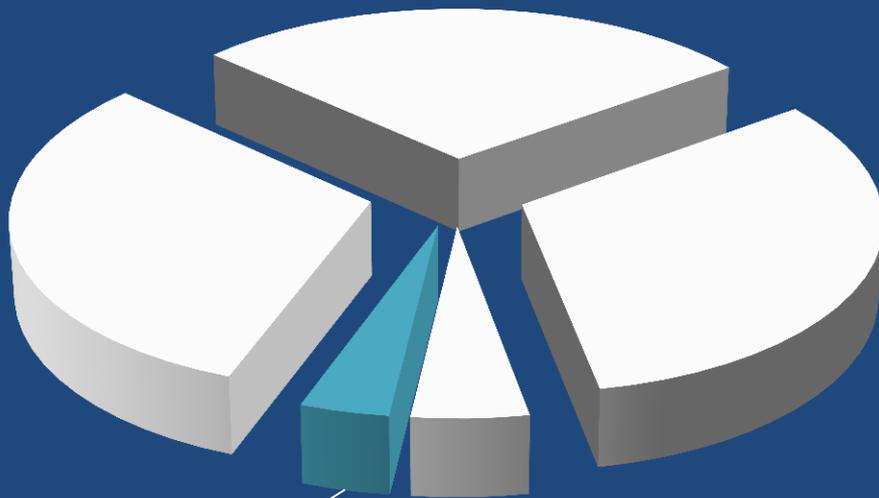
Contributions to Self-Insurance Fund



Contributions
to Self-
Insurance
Fund
\$1,250,000
6%

- Increase of \$127,500 or 11.36%
- Title 59 Tort Claims
- Workman's Compensation Claims
- Proposed Settlements to be funded

Other Insurance Premiums



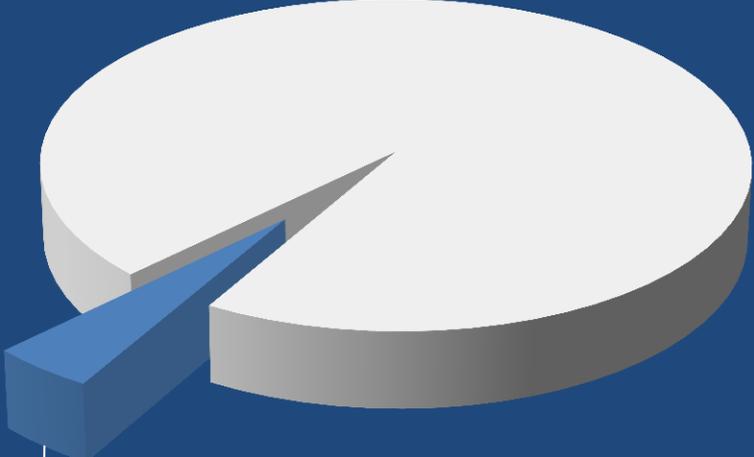
Other
Insurance
Premiums
\$792,500
4%

- PEJIF Premium Increase
- Auto Liability and collision
- Employment Practices
- Public Officials
- Facilities

Debt Service

Debt Service

Highlights



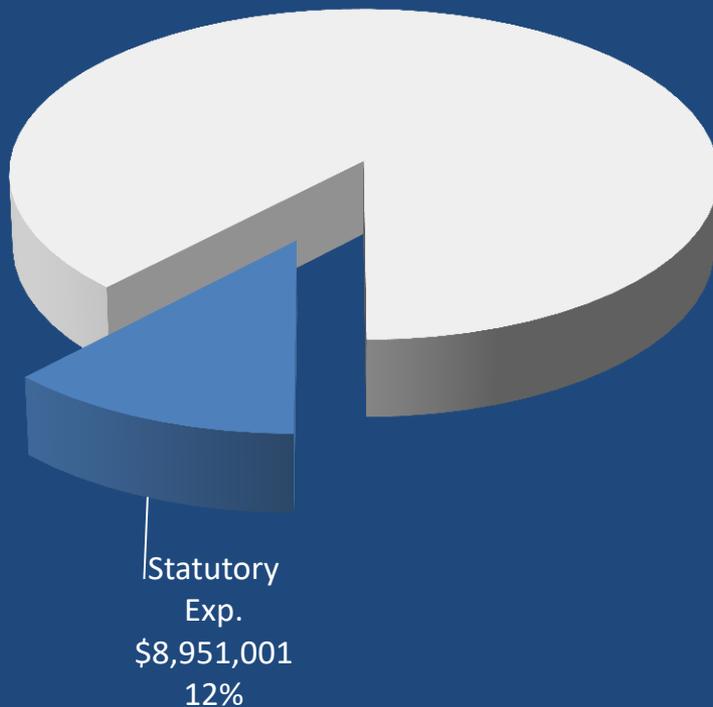
Debt Service
\$3,077,200
5%

- Manager, CFO, Bond Counsel, Auditor, CFO Supervisory Service Vendor to update Debt Management Plan in 2019

Statutory Expenditures

Statutory Expenditures

Major Adjustments



- PFRS increased \$1,108,760
- PERS Increased \$294,703
- Total line item increased \$1,414,413.49

Capital Improvement Fund

Total Cost of Improvements

\$9,245,965

Capital Improvement Fund

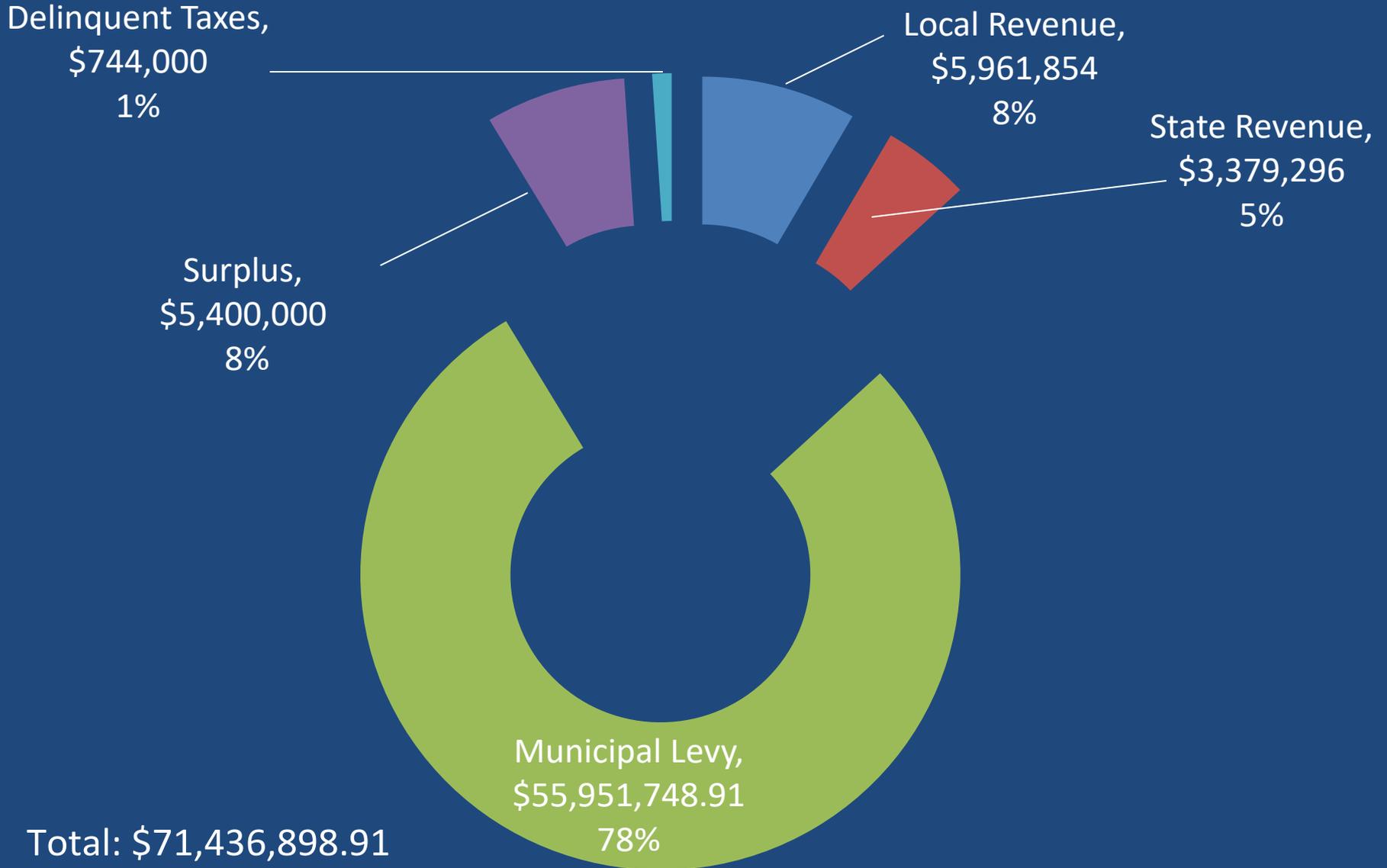
\$432,000.00*

(5% Down payment)

*Utilizes \$31,000 Balance from 2018 Capital Surplus

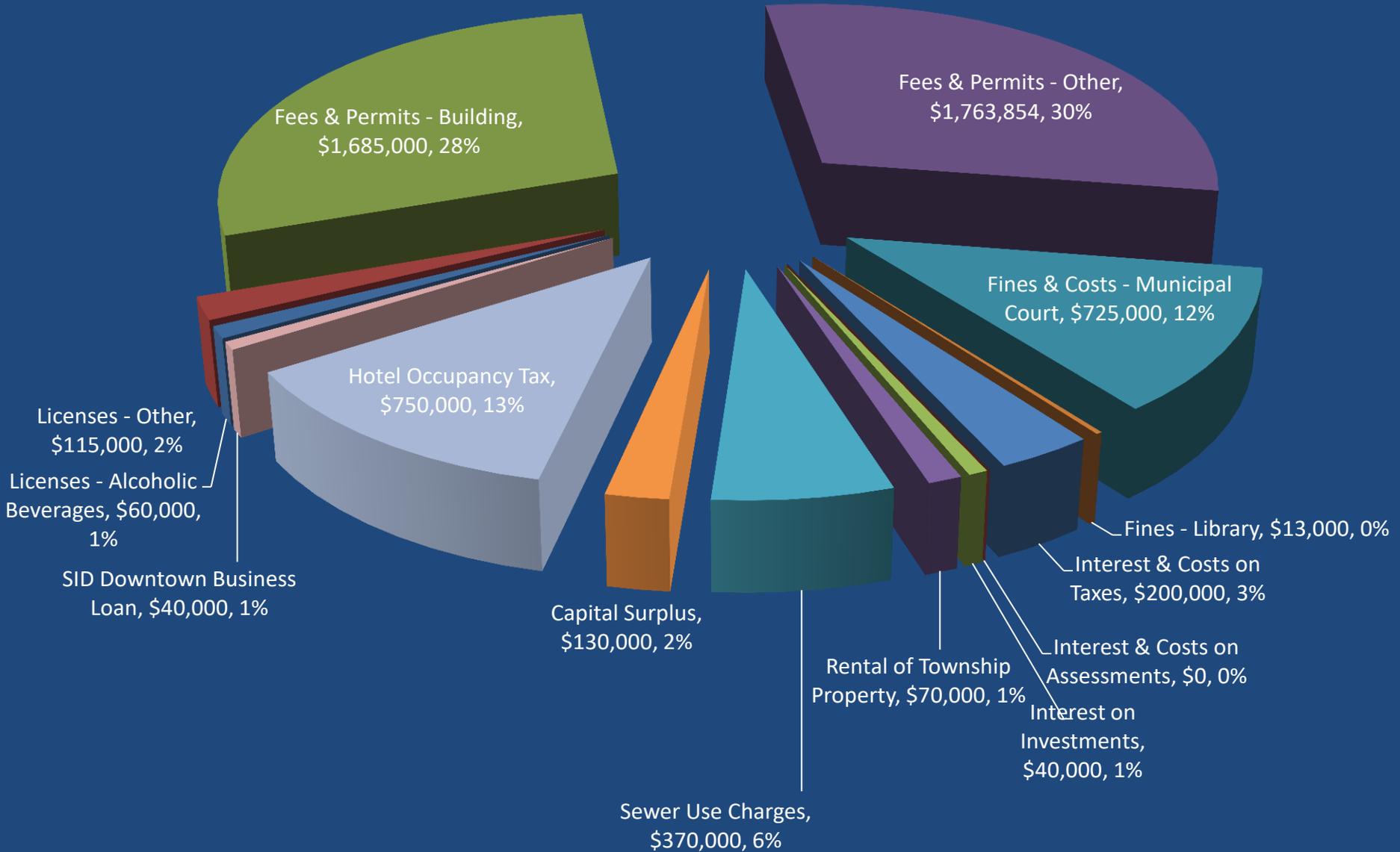
Capital Improvement Fund Review
February 28, 2019

Estimated Revenue



Estimated Local Revenue

Total: \$5,961,854.00

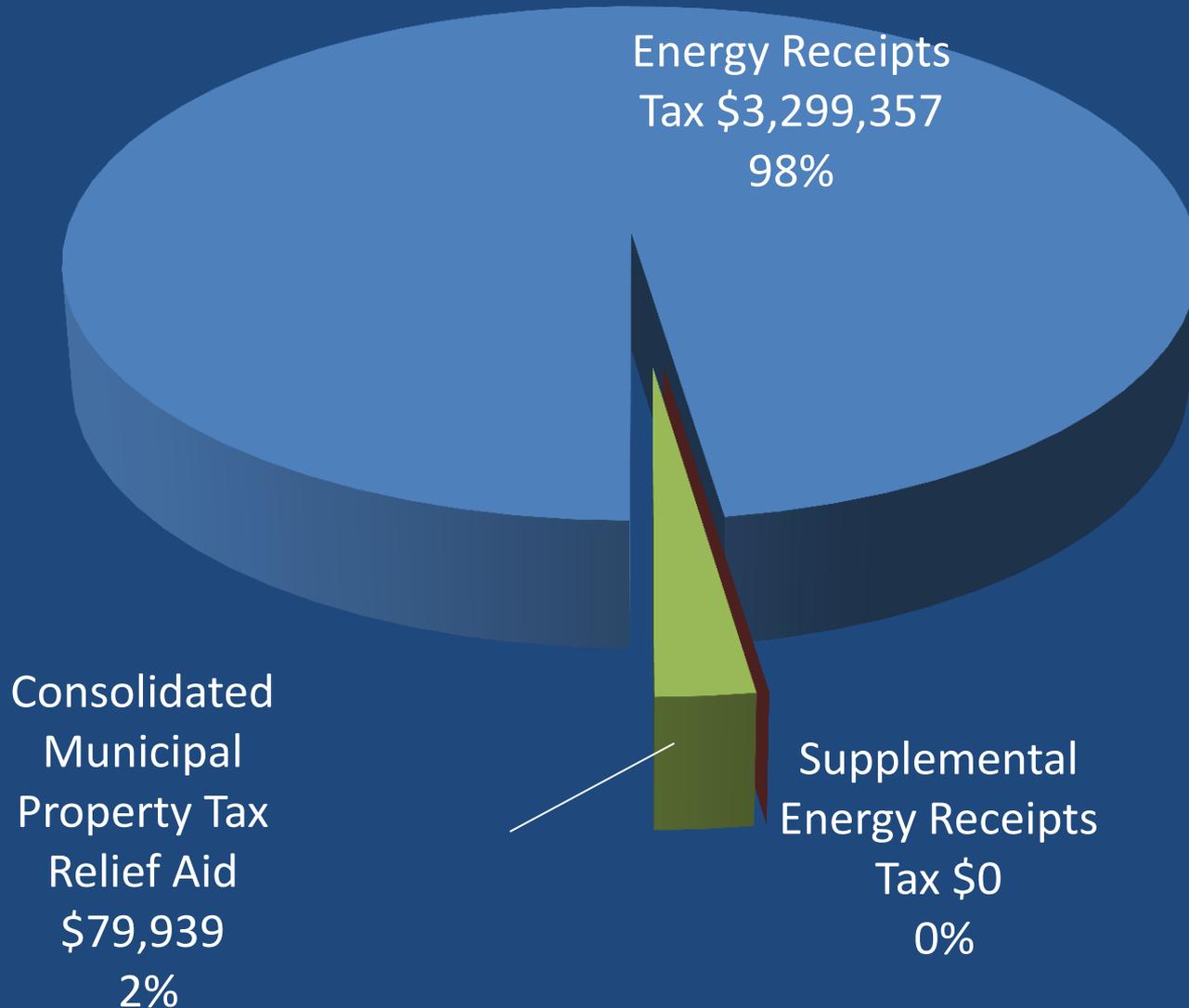


Construction Code Fees

- Revenue realized \$2,262,668.00 in 2018
- Utilizing \$1.425 million as revenue in 2019
- Potential of overestimating revenue may lead to a diminished surplus in 2020

Estimated State Revenue

Total: \$3,379,296.00

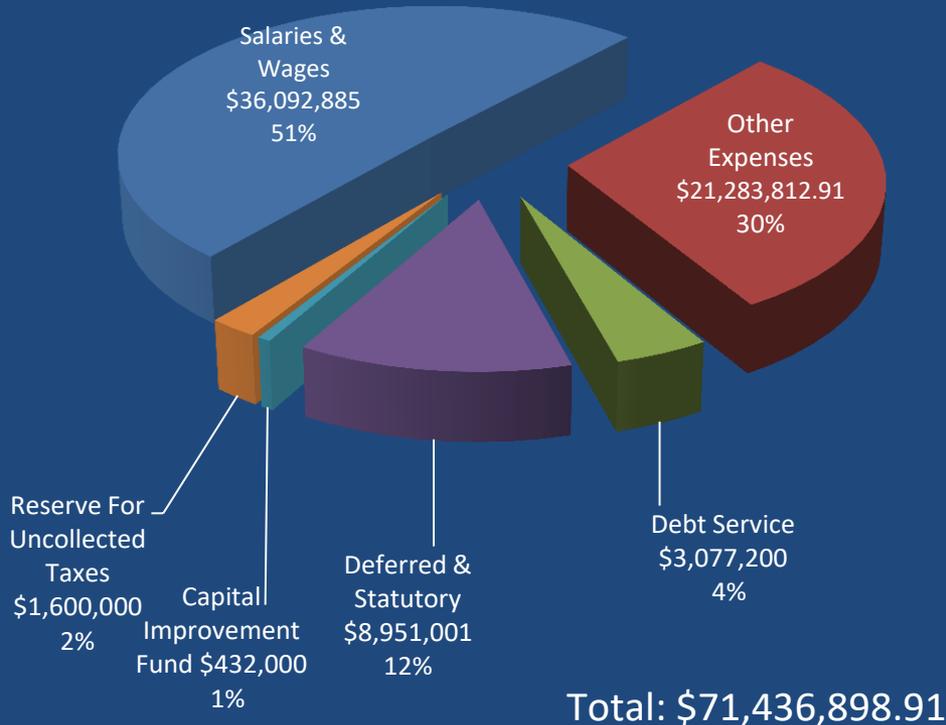


Factors Potentially Impacting Budget

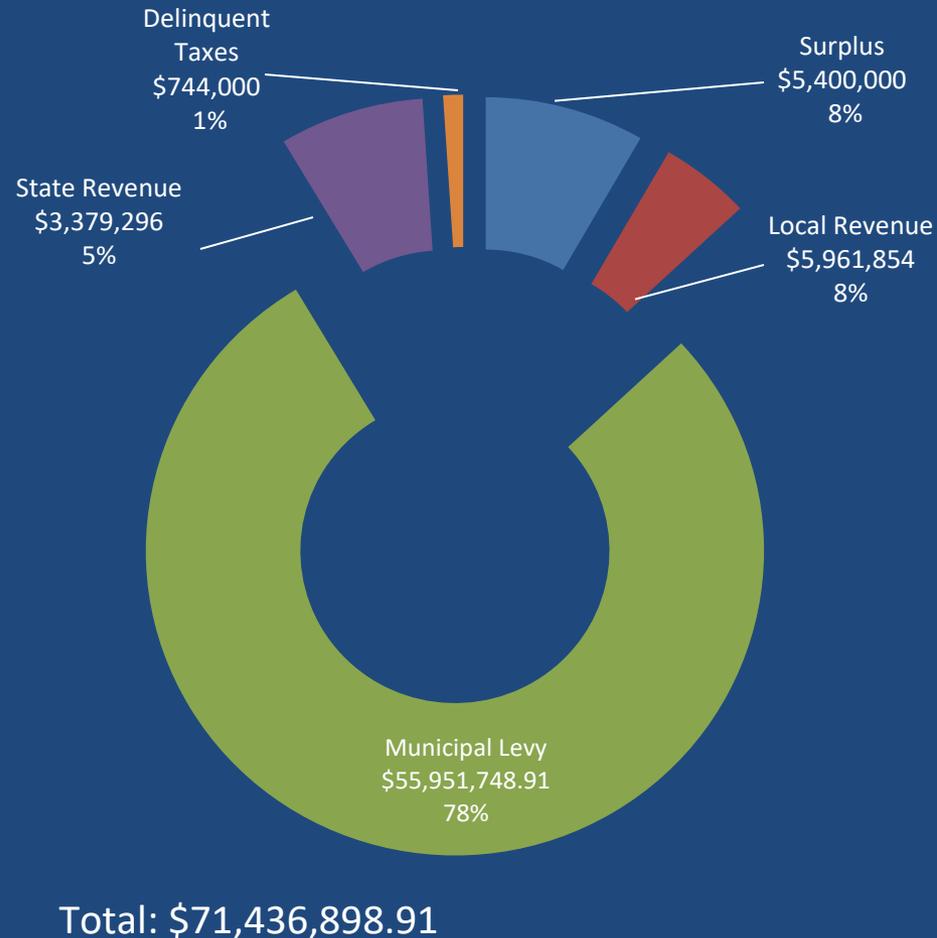
- Special Emergencies – (Terminal Leave Payouts)
- Glenpointe Tax Appeal (Unfunded, Possibly Decided in Late 2019/early 2020)
- Holy Name Medical Center Tax Appeal
- Impact of tax appeals (State/County)
- Interest rates/Bond Rating
- Reduced or flat state aid
- BCUA sewer rate increase (4.03 %)
- Labor contract negotiations (4 contracts expiring 12/31/19)
- Pension Contribution Increases (19.55%)
- Group Health Insurance (3.03%)
- Fund Balance/Surplus Utilization (+\$550,000)
- Workman's Compensation/Settlement Claims

Budget Wrap - Up

Appropriations



Revenue



Strategies

Short & Long Term

- Shared services
- Cost containment/efficiency/technology
- Merge Fire Dispatch with City of Hackensack
- Sale/development of selected municipally owned property
- Enhance ratables through business attraction and development
- Redevelopment of Alfred Avenue
- Debt Management Plan

Upcoming Budget Meeting

Tentative Agenda

Thursday, February 28, 2019

- Presentation - Insurance
- Review - Police Department Budget
- Review - Public Works/Engineering Budgets
- Review - Capital Budget
- Review - Various Budget Accounts

Upcoming Budget Meeting

Tentative Agenda

Thursday, March 7, 2019

- Review - Fire Department Budget
- Review - Recreation Department Budget
- Review - Capital Budget
- Review - Various Budget Accounts

Upcoming Budget Meeting Tentative Agenda

Thursday, March 14, 2019

- Review – Legal Budget
- Review - Library Budget
- Review - Council Budget
- Review - Township Manager's Budget
- Review - Township Clerk's Budget
- Review - Various Budget Accounts

Thank you!

