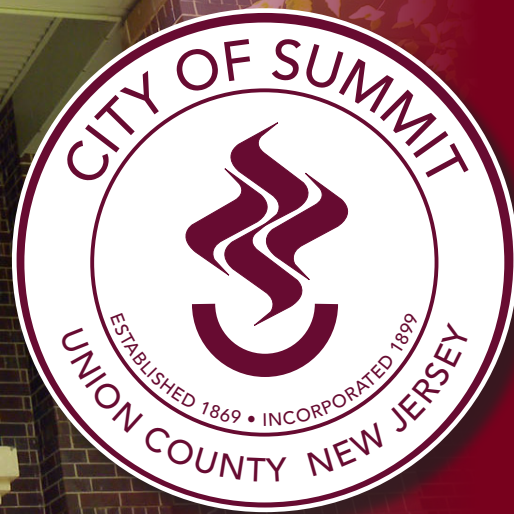


2022 MUNICIPAL BUDGET



COMMON
COUNCIL
MEETING

CITY HALL
COUNCIL
CHAMBER

APRIL 5, 2022



2022 Budget Process & Timeline

OPERATING & CAPITAL BUDGET DEVELOPMENT

- August 2021
- All departments commence process

DEPARTMENT BUDGETS

- October 22, 2021
- Submitted to City Administrator (CA) & Chief Financial Officer (CFO)

COUNCIL COMMITTEE REVIEW & DISCUSSION

- November 1 to December 7, 2021
- Revisions provided to CA & CFO

PUBLIC WORKSHOP

- December 8, 2021
- Review capital budget requests

2022 Budget Process & Timeline



FINANCE & CAPITAL PROJECTS COMMITTEES REVIEW & DISCUSSION

- January to February 2022
- Operating budgets with department heads
- Finance and Capital Projects Committees to evaluate and finalize capital budget plan

CITY BUDGET PRESENTATION & INTRODUCTION

- April 5, 2022
- Common Council meeting

BUDGET ADOPTION

- May 3, 2022
- Public hearing—at least 28 days after introduction



GOAL & KEY ACTIONS

- GOAL 1:** Operate a safe, responsive, and healthy city government as the COVID-19 NJ State Health Emergency is lifted
- GOAL 2:** Demonstrate fiscal responsibility and sound financial management
- GOAL 3:** Move forward with Broad Street West redevelopment



GOAL & KEY ACTIONS

GOAL 4: Expand the application of technology to create business opportunity and increase customer convenience

GOAL 5: Maintain and upgrade critical city assets and infrastructure

GOAL 6: Build community connectedness and expand communications effort



GOAL & KEY ACTIONS

GOAL 7: Leverage talent, ideas and creativity of Summit's municipal workforce

GOAL 8: Offer innovative solutions to ongoing municipal challenges

GOAL 9: Retain and reinitiate improved customer service and accessibility



2022 MUNICIPAL BUDGET

2022 MUNICIPAL BUDGET OVERVIEW



2022 BUDGET CHALLENGES

GENERAL FUND

REVENUE

- Interest on investment (deposit earnings) anticipated revenue is 83% lower than 2019 realized amount of \$522,000.
- Municipal Court fees down 46% from 2019 average level of near \$500,000.
- Enterprise/Contributions \$600,000 below 2021 total due to reserve depletion.
- Parking Services Utility contribution is still \$0 (\$800,000 in 2019 and \$550,000 in 2020). Parking revenue improved in 2021, but \$1 million lower than 2019 realized amount.

APPROPRIATIONS

- Municipal debt service obligations rose by \$600,000.
- Recycling curbside collection contract expiration and expected 100% increase in cost of \$190,000 this year.
- Crossing guard retention and recruitment total wage increase of \$95,000.
- General liability/worker's compensation insurance premium increase of \$84,113.
- Police and Fire pension obligations rose by \$81,367.

Financial Total Summary



GENERAL FUND	2022	2021 (Adopted)	% Variance
Operating Budget	\$52,466,658	\$51,787,748	1.31%
Capital Budget	<u>2,140,000</u>	<u>3,998,000</u>	<u>(46.47%)</u>
<i>Sub-total</i>	<i>\$54,606,658</i>	<i>\$55,785,748</i>	<i>(2.12%)</i>

Financial Total Summary



SEWER UTILITY FUND	2022	2021 (Adopted)	% Variance
Operating Budget	\$5,050,276	\$4,763,737	6.02%
Capital Budget	<u>2,140,000</u>	<u>1,495,573</u>	<u>43.09%</u>
<i>Sub-total</i>	<i>\$7,190,276</i>	<i>\$6,259,310</i>	<i>14.87%</i>

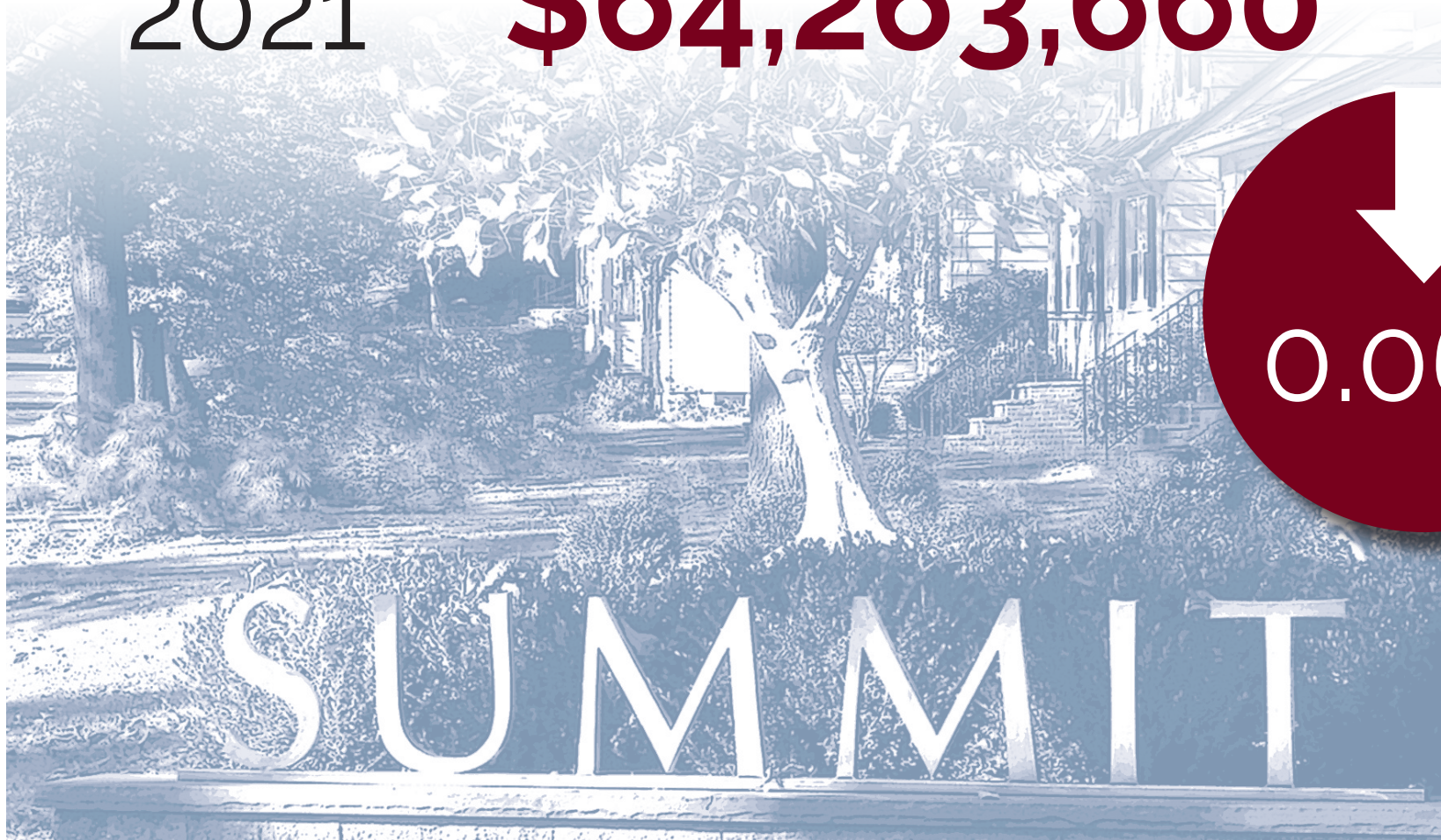
PARKING SERVICES UTILITY FUND	2022	2021 (Adopted)	% Variance
Operating Budget	\$2,430,228	\$2,218,602	9.53%
Capital Budget	<u>0</u>	<u>0</u>	<u>0.00%</u>
<i>Sub-total</i>	<i>\$2,430,228</i>	<i>\$2,218,602</i>	<i>9.53%</i>

Financial Totals



2022 **\$64,227,162**








2021 **\$64,263,660**



2022 General Fund

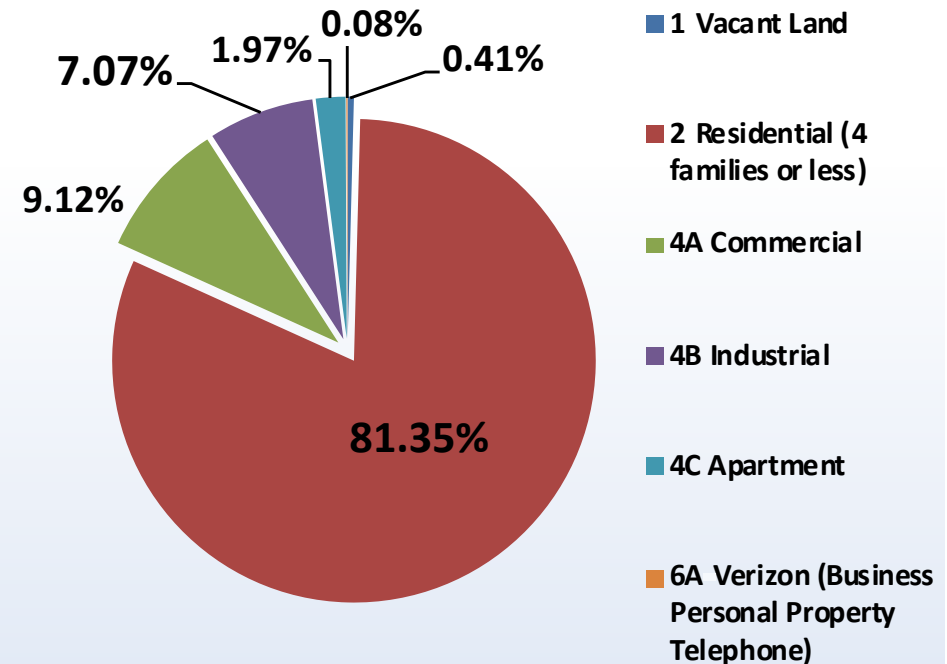
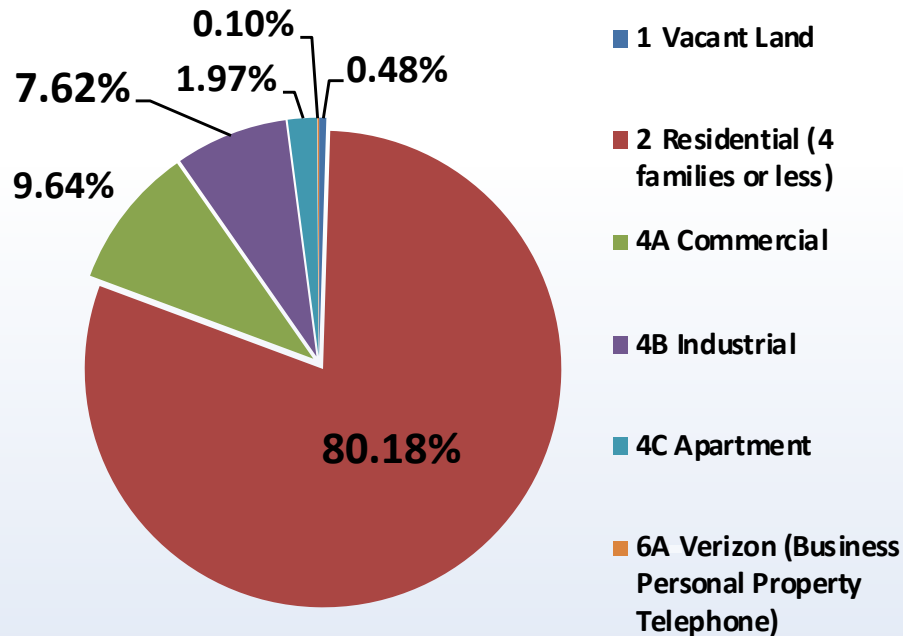


Budget Summary Points

- Municipal Tax Rate:  **1.98%**
- Anticipated Fund Balance (surplus):  **\$300,000 or 3.9%**
- Local Revenues:  **324,793 or 11.0%**
- Enterprise/Contribution Revenue:  **\$599,560 or -16.3%**
- Municipal Tax Levy:  **\$875,438 or 3.2%**
- Salary & Wages Total – \$18 million:  **\$249,024 or 1.4%**
- Department Other Expenses Total:  **\$297,162 or 2.7%**

**2010
&
2015**

Tax Base Valuation Breakdown

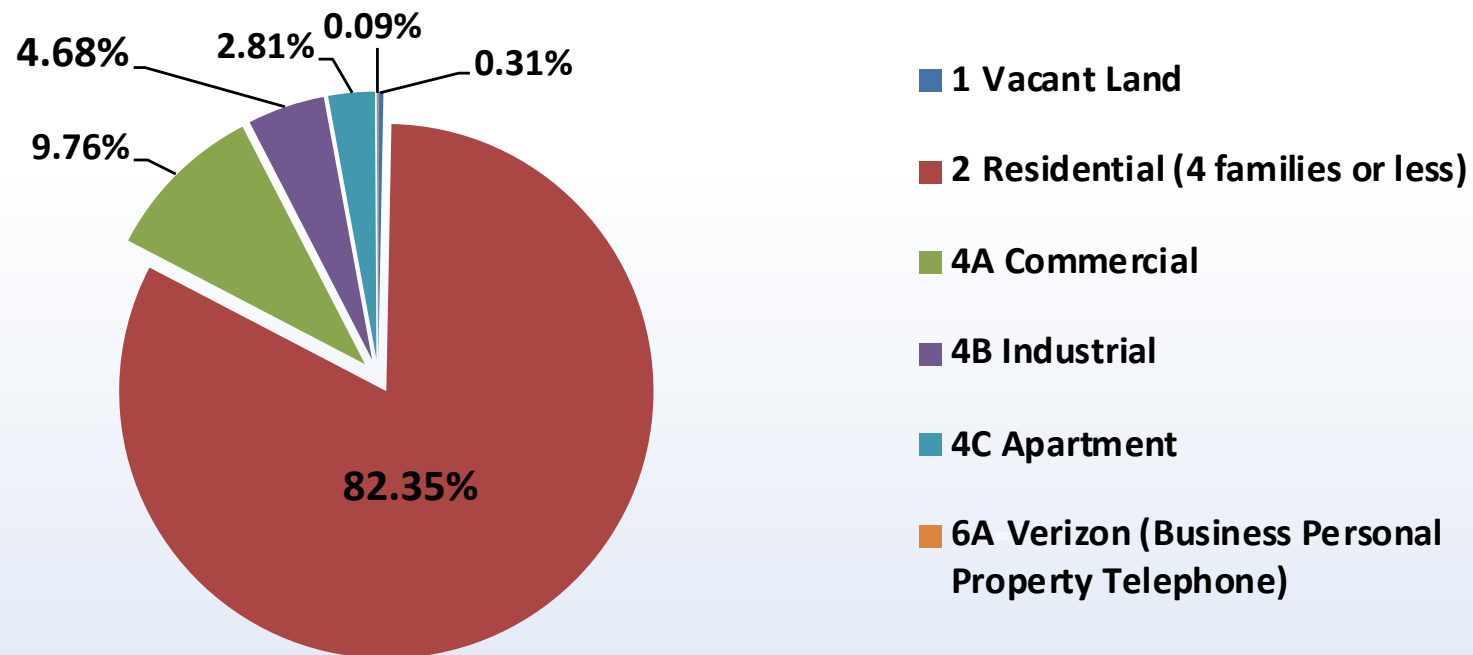


TAX BASE CLASSIFICATION	2010
1 Vacant Land	\$15,096,700
2 Residential (4 families or less)	2,506,422,500
4A Commercial	301,353,500
4B Industrial	238,271,000
4C Apartment	61,490,800
6A Verizon (Business Personal Property Telephone)	3,262,000
Net Assessed Valuation Total	\$3,125,896,500

TAX BASE CLASSIFICATION	2015
1 Vacant Land	\$12,823,900
2 Residential (4 families or less)	2,528,788,100
4A Commercial	283,374,300
4B Industrial	219,667,400
4C Apartment	61,314,800
6A Verizon (Business Personal Property Telephone)	2,487,837
Net Assessed Valuation Total	\$3,108,456,337

2022

Tax Base Valuation Breakdown

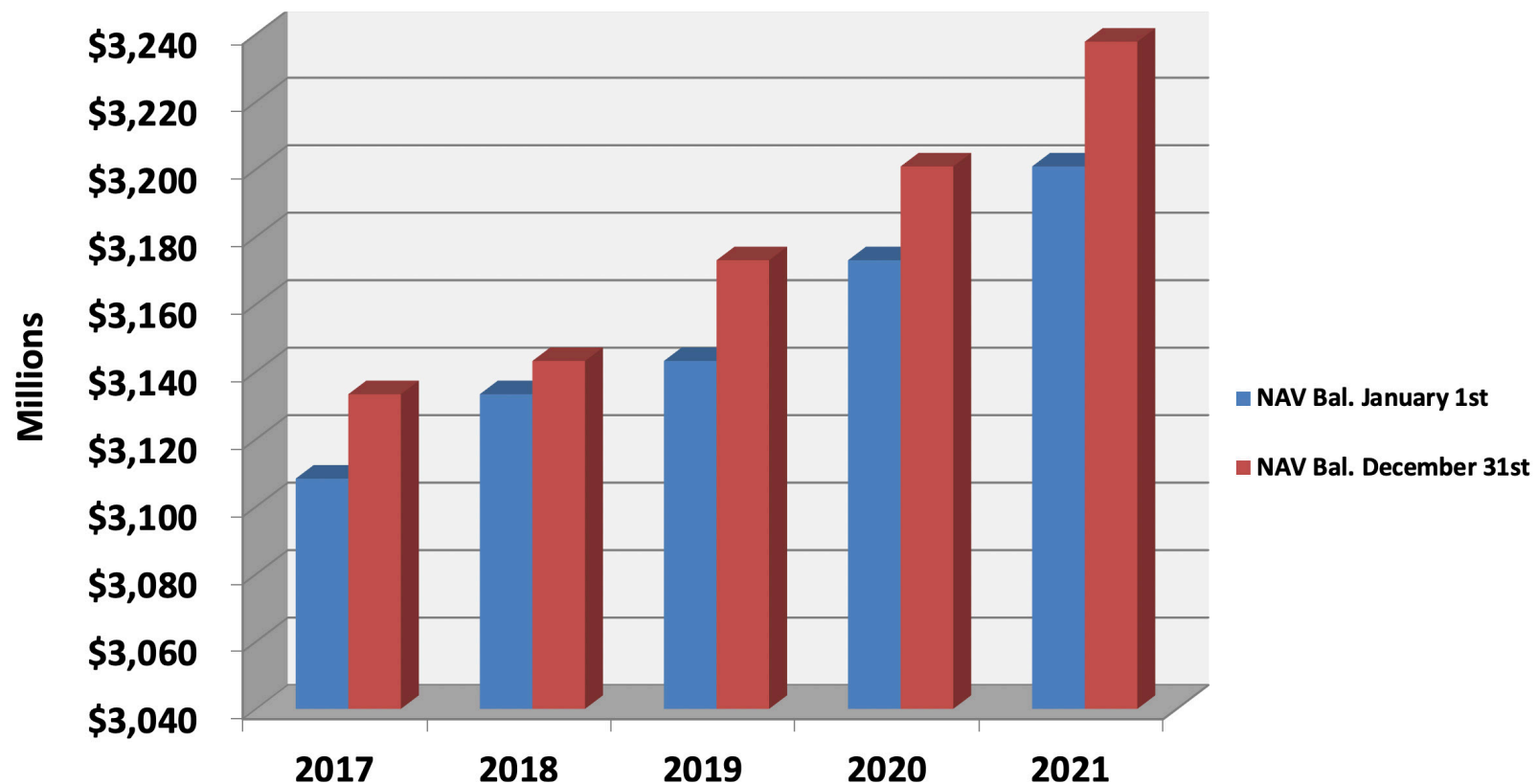


CLASS AND TYPE	2022
1 Vacant Land	\$9,928,300
2 Residential (4 families or less)	2,666,258,900
4A Commercial	316,136,300
4B Industrial	151,564,800
4C Apartment	91,029,900
6A Verizon (Business Personal Property Telephone)	2,811,937
Net Assessed Valuation Total	\$3,237,730,137

Tax Base Growth



NET ASSESSED VALUATION



Year End	2017	2018	2019	2020	2021
NAV Bal. January 1st	\$ 3,108,245,396	\$3,133,257,826	\$ 3,143,119,824	\$ 3,172,957,793	\$ 3,200,766,106
NAV Bal. December 31st	\$ 3,133,257,826	\$3,143,119,824	\$ 3,172,957,793	\$ 3,200,766,106	\$ 3,237,730,137
Change in NAV	\$ 25,012,430	\$ 9,861,998	\$ 29,837,969	\$ 27,808,313	\$ 36,964,031

\$3,237,730,137

SUMMIT'S TAX BASE
↑ \$36.96 MILLION
FROM 2021

\$1.59 million

INCREASE OF TOTAL
TAX REVENUES
(MUNICIPAL TAX REVENUE
GAIN **\$319,369**)

1.18%

INCREASE EFFECT
ON MUNICIPAL TAX RATE

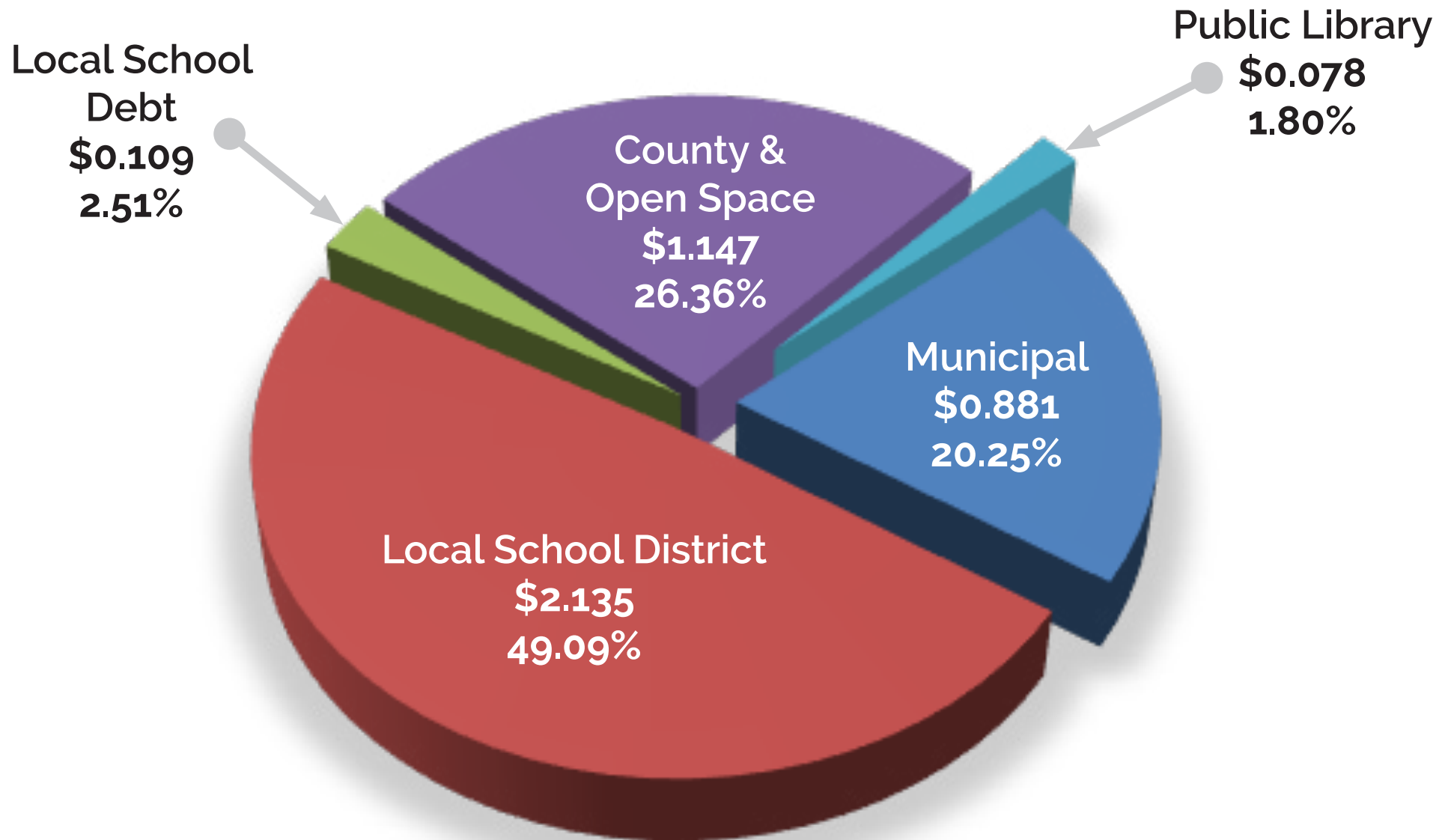


Property Tax Rates



	Estimated 2022	2021	% Change
MUNICIPAL	\$0.881	\$0.864	1.98%
SCHOOL DISTRICT DEBT OBLIGATION	\$0.109	\$0.109	0.00%
SCHOOL DISTRICT	\$2.135	\$2.115	0.96%
COUNTY & OPEN SPACE	\$1.147	\$1.151	-0.35%
PUBLIC LIBRARY	<u>\$0.078</u>	<u>\$0.078</u>	0.47%
<i>Estimated TOTAL</i>	<i>\$4.350</i>	<i>\$4.317</i>	<i>0.77%</i>

2022 Estimated Property Tax Rates



Total Property Tax Bill Comparison



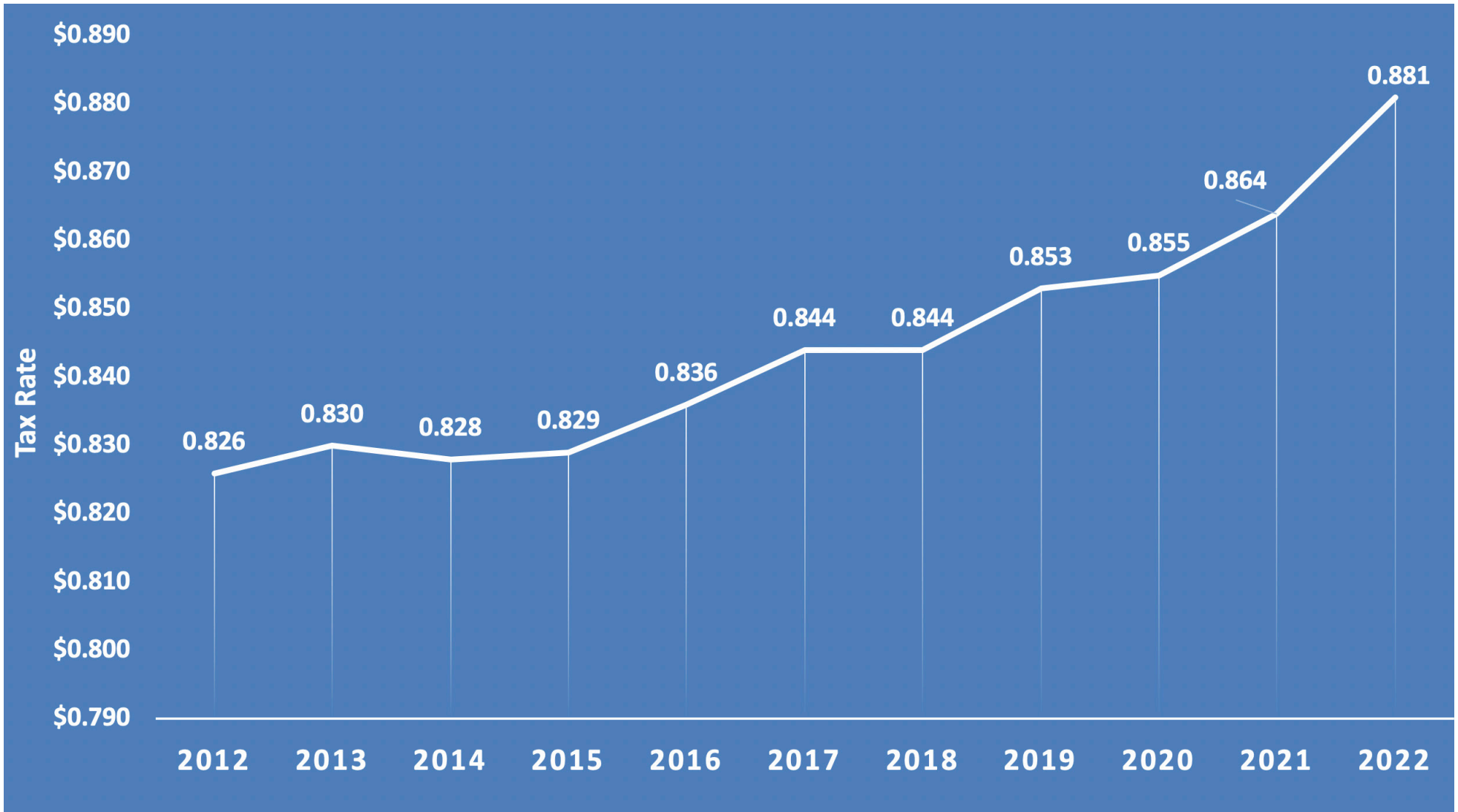
(AVG. RESIDENTIAL HOME ASSESSMENT VALUATION IS \$425,988)

	2022	2021
Municipal Taxes	\$ 3,752.95	\$3,680.54
School District Debt Obligation	464.33	464.33
School District Taxes	9,094.84	9,009.65
County & Open Space Taxes	4,886.08	4,903.12
Public Library Taxes	<u>332.27</u>	<u>332.27</u>
Estimated Total Tax Bill Amount	\$18,530.47	\$18,389.91
2022 Estimated Total Property Tax Effect	<i>Increase of \$140.56, or 0.76% for year</i>	

Municipal Tax Rate



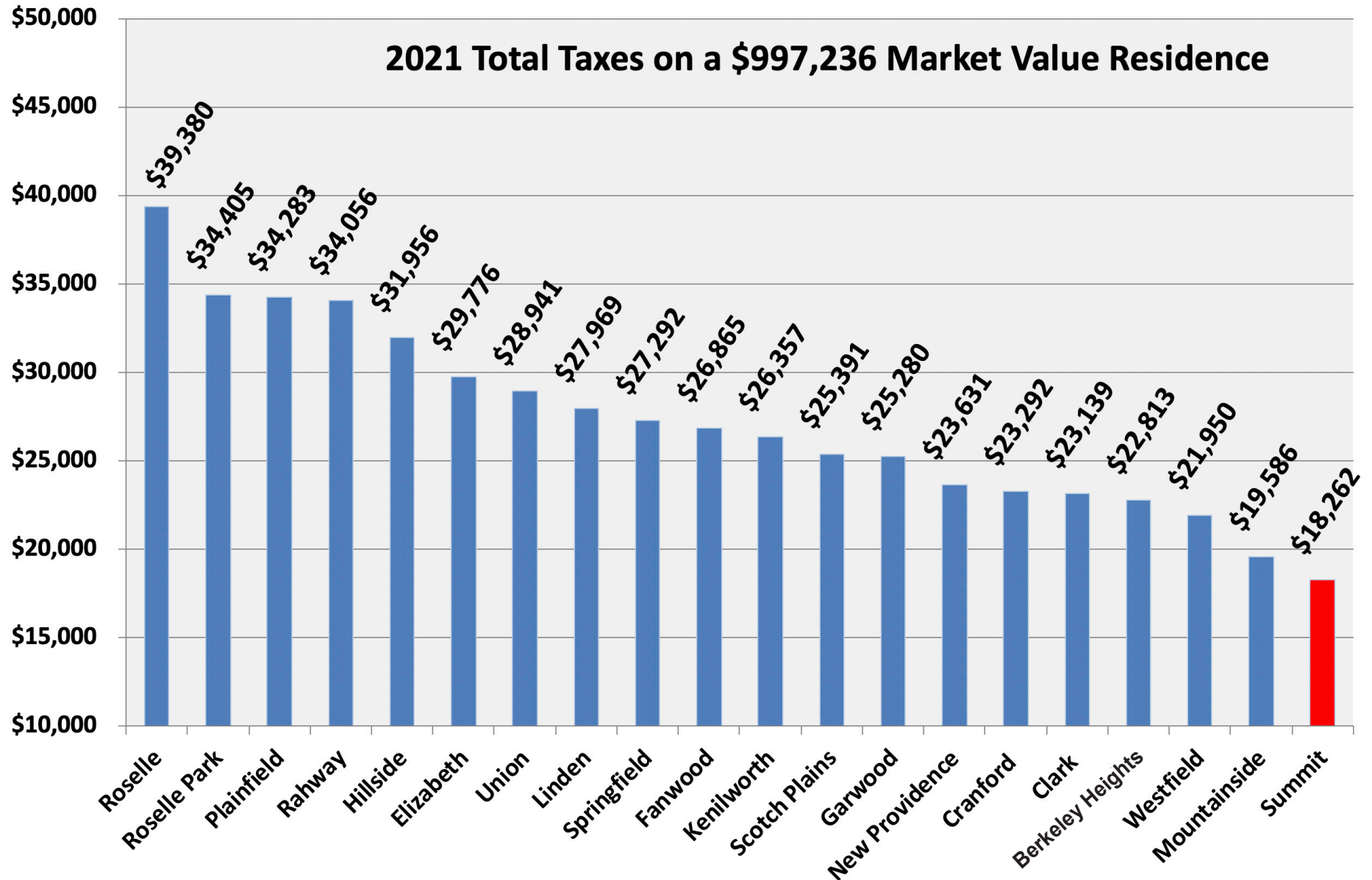
ANNUAL CHANGE (2012 to 2022)



Effective Tax Rate



UNION COUNTY MUNICIPALITIES



General Fund Revenues



		2022 Anticipated	2021 Anticipated	\$ Change from 2021
Fund Balance	(15.1%)	\$7,900,000	\$7,600,000	\$300,000
Local Revenues	(6.1%)	3,165,698	2,840,905	324,793
State Aid	(6.0%)	3,176,628	3,287,291	(110,663)
Grants	(0.3%)	155,887	328,838	(172,951)
Enterprise Funds/ Contributions	(5.9%)	3,077,703	3,677,263	(599,560)
Prior Year Tax Receipts	(0.7%)	360,000	420,000	(60,000)
Municipal Tax Levy	(54.4%)	28,527,436	27,651,998	875,438
School District Debt Obligation	(6.7%)	3,566,110	3,489,367	76,743
Library Tax Levy	(4.8%)	2,537,196	2,492,085	45,111
Total General Revenues		\$52,466,658	\$51,787,747	\$678,911

Revenues



• LOCAL REVENUES

▲ Increases:	\$125,000	(Summit Family Aquatic Center fees)
	\$65,000	(Municipal Court fees)
	\$35,000	(Hotel/Motel Occupancy fees)
▼ Decreases:	\$10,682	(Verizon – Cable TV Franchise fees)
	\$4,276	(Comcast – Cable TV Franchise fees)
	\$3,000	(Police Off Duty Administration fees)

• ENTERPRISE FUNDS/CONTRIBUTIONS

▲ Increases:	\$118,000	(FEMA Reimbursement – COVID-19 pandemic costs)
	\$100,000	(General Capital Surplus)
	\$55,000	(Sewer Utility Share of various services)
▼ Decreases:	\$616,430	(Reserve for sale of municipal assets)
	\$225,495	(American Rescue Plan Act stimulus aid)
	\$46,283	(Reserve for Municipal Debt Service)

Property Tax Levies



	2022 Estimated	2021	% Change
Municipal	\$28,527,436	\$ 27,651,998	3.16%
School District Debt Obligation to City	3,719,481	3,763,276	-1.16%
School District	69,137,266	67,689,697	2.13%
County	35,992,107	35,718,867	0.76%
County Open Space	1,143,278	1,134,743	0.75%
Public Library	<u>2,537,196</u>	<u>2,492,085</u>	1.81%
<i>TOTAL TAX LEVIES</i>	<i>\$141,056,764</i>	<i>\$138,450,666</i>	<i>1.88%</i>

2% PROPERTY TAX LEVY

\$524,608

UNDER

*Maximum Tax Levy
Amount of
\$29,052,044*



General Fund Appropriations



\$52,466,658

Municipal Operations: \$34,122,818

- Department salaries, wage, and other expenses
- Utilities
- Insurance
- Statutory Expenses (pension and social security)

Other Appropriations: \$13,342,568

- Library Levy
- Grants and Interlocal Agreements
- Capital Improvements
- Municipal and School Debt Service
- Deferred Charges and Reserves

Reserve for Uncollected Taxes: \$5,001,272

2022 Total Appropriations



\$52,466,658

Municipal Operations	2022	2021 Adopted	\$ Change from 2021
General Government (3.2%)	\$1,704,699	\$1,663,788	\$40,911
Finance (2.4%)	1,241,342	1,230,673	10,669
Public Safety (22.5%)	11,688,549	11,650,201	38,348
Community Services (14.5%)	7,856,476	7,518,112	338,364
Community Programs (2.2%)	1,144,766	1,163,394	-18,628
Board of Health (1.0%)	491,411	483,290	8,121
Municipal Court (0.8%)	367,988	391,700	-23,712
Utilities (2.2%)	1,191,000	1,123,000	68,000
Insurance (6.7%)	3,543,167	3,459,054	84,113
Statutory Expenditures (9.1%)	4,893,420	4,714,683	178,737

2022 Total Appropriations



\$52,466,658

Other Appropriations	2022	2021 Adopted	\$ Change from 2021
Maintenance of Free Public Library (4.8%)	\$2,537,196	\$2,492,084	\$45,112
Grants (0.6%)	155,887	328,838	-172,951
Interlocal Agreements (2.3%)	1,156,432	1,213,758	-57,326
Capital Improvements (0.4%)	107,000	200,000	-93,000
Municipal Debt Service (9.8%)	5,611,572	5,091,796	519,776
School Debt Service (7.3%)	3,719,481	3,763,276	-43,825
Deferred Charges & Reserves (0.5%)	55,000	240,000	-185,000
Reserve for Uncollected Taxes (9.8%)	5,001,272	5,060,100	-58,828

APPROPRIATIONS CAP

\$3,220,334

UNDER

*Maximum Allowable
Appropriations
Amount of
\$37,373,152*



Municipal Personnel



	2022	2021	2020	2019
Full-time	177	175	172	173
Part-time	25	23	27	25
Total	202	198	199	198

2022 Changes

- Part-time Emergency Management Coordinator was hired.
- Converted part-time Sewer Utility employee to full-time position.
- Filled vacancies for one full-time position and two part-time positions in Parking Services Utility (Maintenance Worker and Parking Enforcement Officer). No funding for these positions in 2020-21 budgets due to financial impact of COVID-19 pandemic on Parking Services Utility.

Salaries & Wages



FUND	2022	2021	\$ Change	% Change
General	\$18,077,611	\$17,828,587	\$249,024	1.4%
Sewer Utility	402,938	383,841	19,097	4.9%
Parking Services Utility	635,141	628,627	6,514	1.0%
Uniform Construction Code (Trust)	876,231	834,330	41,901	5.0%
<i>Totals</i>	<i>\$19,991,921</i>	<i>\$19,675,385</i>	<i>\$316,536</i>	<i>1.6%</i>

Municipal Operations



Other Expenses (General Fund)

- **\$11.15 million, or 21.25% of Total Appropriations**
- **2.74% increase from 2021**
- **1.78% average increase over last four years**
- **3 Largest Line-item Categories**
 - Transfer Station Disposal Charges - \$970,000 (no increase)
 - Recycling Curbside Collection - \$700,750 (up \$190,400)
 - Police - \$449,300 (no increase)
- **3 Largest Professional Contract lines**
 - Legal Services (General & Labor) - \$250,000 (no increase)
 - Land Use Planning Services & Special Projects - \$175,000 (\$10,000 decrease)
 - Legal Services (Tax Appeals) - \$135,000 (no increase)

Other Appropriations



HEALTHCARE INSURANCE

- **\$3.85 million** (estimated gross amount) medical and dental insurance premiums. (Medical \$3.83 million; Dental \$200,000)
- **\$2.34 million** (estimated net amount) healthcare insurance appropriation
- **\$1.19 million** in employee contributions (up by \$50,000 from 2021)
- **\$456,711** estimated annual cost savings from employee opt-out

Other Appropriations



PENSION OBLIGATIONS

- PERS and PFRS – **\$4.34 million** net total
- Up **\$147,945** or **9.5%**
- Since 2011, on average, combined totals have increased by **3.9%**

RESERVE FOR UNCOLLECTED TAXES: \$5 million

- 2021 – **99.73%** of tax levy collected
- 2022 – **96.36%** anticipated collection rate

DEBT SERVICE: 'AAA' Bond Rating

- **\$5.61 million** up \$519,776 from 2021 (**10.2% increase**)
- **\$4.00 million** of principal pay down
- Scheduled bond payments projected to increase in 2022 by approximately **\$500,000**

Current Debt Position



As of December 31, 2021

Statutory Equalized Valuation	<i>\$7,506,338,596</i>
Statutory Borrowing Power	<i>262,721,851</i>
Statutory Net Debt	<i>69,017,771</i>
Remaining Statutory Borrowing Power	<i>193,704,080</i>
Net Debt to Statutory Equalized Valuation	<i>0.919%</i>

Debt & Past Capital Budgets



YEAR	ANNUAL PRINCIPAL PAID	CAPITAL BUDGET
2022	\$4,005,000	\$2,140,000
2021	\$3,745,000	\$4,030,000
2020	\$3,365,000	\$4,189,500
2019	\$2,496,450	\$15,417,500
2018	\$3,670,000	\$5,039,200
2017	\$2,965,000	\$4,785,546
2016	\$2,548,500	\$5,904,800
2015	\$2,470,300	\$11,025,000
2014	\$2,098,300	\$7,692,828
2013	\$2,302,800	\$8,653,000
2012	\$2,188,000	\$7,834,000
2011	\$3,459,300	\$5,562,000

Net Debt Impact



City Departments 2022 Capital Budget Plan



SHARE THE FUN



**summit
community
programs**

WHERE COMMUNITY THRIVES

Capital Budgets



**GENERAL
FUND**

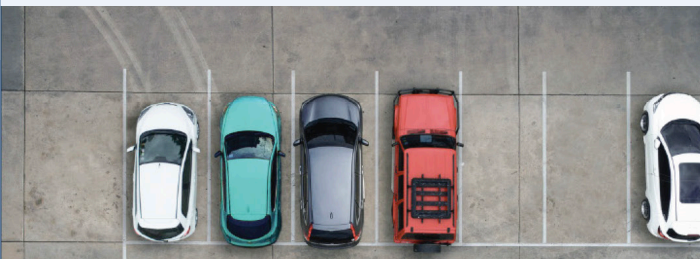
**TOTAL
\$2,140,000**

**PARKING
SERVICES
AGENCY**

**TOTAL
\$0**

**SEWER
UTILITY**

**TOTAL
\$2,140,000**



Capital Budget Comparison



DEPARTMENT	2022	2021	% Change
Fire	\$230,000	\$265,000	-13.20%
Police	110,000	157,000	-29.93%
MVEC Jt. Dispatch	0	200,000	-100.00%
DCS	1,390,000	2,776,000	-49.92%
DCP	310,000	585,000	-47.01%
City Clerk	100,000	0	100.00%
TOTAL	\$2,140,000	\$3,998,000	-46.47%

Capital Budget Comparison



2022 vs. 2021

UTILITY	2022	2021	% Change
Parking Services	\$0	\$0	0.00%
Sewer	2,140,000	1,495,573	43.09%
TOTAL	\$2,140,000	\$1,495,573	43.09%



Fire Department



2022 Capital Budget Total Request: \$230,000

- Firehouse Alerting System - \$160,000
- Firefighter Turnout Gear - \$30,000
- Rescue & Small Equipment Replacement - \$25,000
- Fire Hose Replacement - \$15,000





Police Department



2022 Capital Budget Total Request: **\$110,000**

- Vehicle replacement program - \$110,000



Dept. of Community Services



2022 Capital Budget
Total Request: \$1.39 million

INFRASTRUCTURE: **\$855,000**

- Major road improvement projects
 - Business District improvements
 - Division Avenue
 - Drainage improvements
 - Mount Vernon Avenue
 - Oak Ridge Avenue (Mountain to Elm)
 - Public Works Paving Program
- Micropaving program
- Morris Avenue and River Road corridor timing
- Traffic signal upgrades
- Pedestrian safety improvements
- Regulatory and warning sign replacement
- Storm water maintenance



Dept. of Community Services



VEHICLE/EQUIPMENT: **\$185,000**



- Snow tractors
- Log splitter/mill
- Garbage truck

Dept. of Community Services



CITY BUILDINGS: **\$350,000**



\$190,000 **City Hall**

- Building maintenance
- HVAC upgrades
- File Storage improvements



\$120,000 **Transfer Station**

- Building maintenance
- HVAC upgrades
- Packer upgrade



\$40,000 **DCP Buildings**

- Facility renovations
- Building upgrades

Community Programs



SHARE THE FUN



**summit
community
programs**

WHERE COMMUNITY THRIVES



**2022 Capital Budget
Total Request: \$310,000**

Community Programs



Mabie playground/
basketball improvements

\$300,000



Park
furnishings

\$10,000

Office of the City Clerk



2022 Capital Budget Total Request: **\$100,000**



- Shelving in City Hall basement:
\$50,000

- Council Chamber audio and video equipment replacement:
\$50,000



Utility Funds



**Parking
Services:
\$0**

**Sewer
Utility:**



**2022 Capital Budget Total Request:
\$2,140,000**

- **\$600,000 for Infrastructure**
Sewer TV Inspection and line cleaning, sewer lining and repairs, and Sewer Utility complex upgrades and maintenance
- **\$975,000 for Capital Projects**
Sewer replacement (Ox Bow Lane, Wildwood Lane and Rowan Rd.)
- **\$295,000 for Equipment and Vehicles**
Sewer camera inspection and truck
- **\$270,000 for Sewer Pump Stations**
Chatham Road upgrades; Constantine Place, grinder replacement

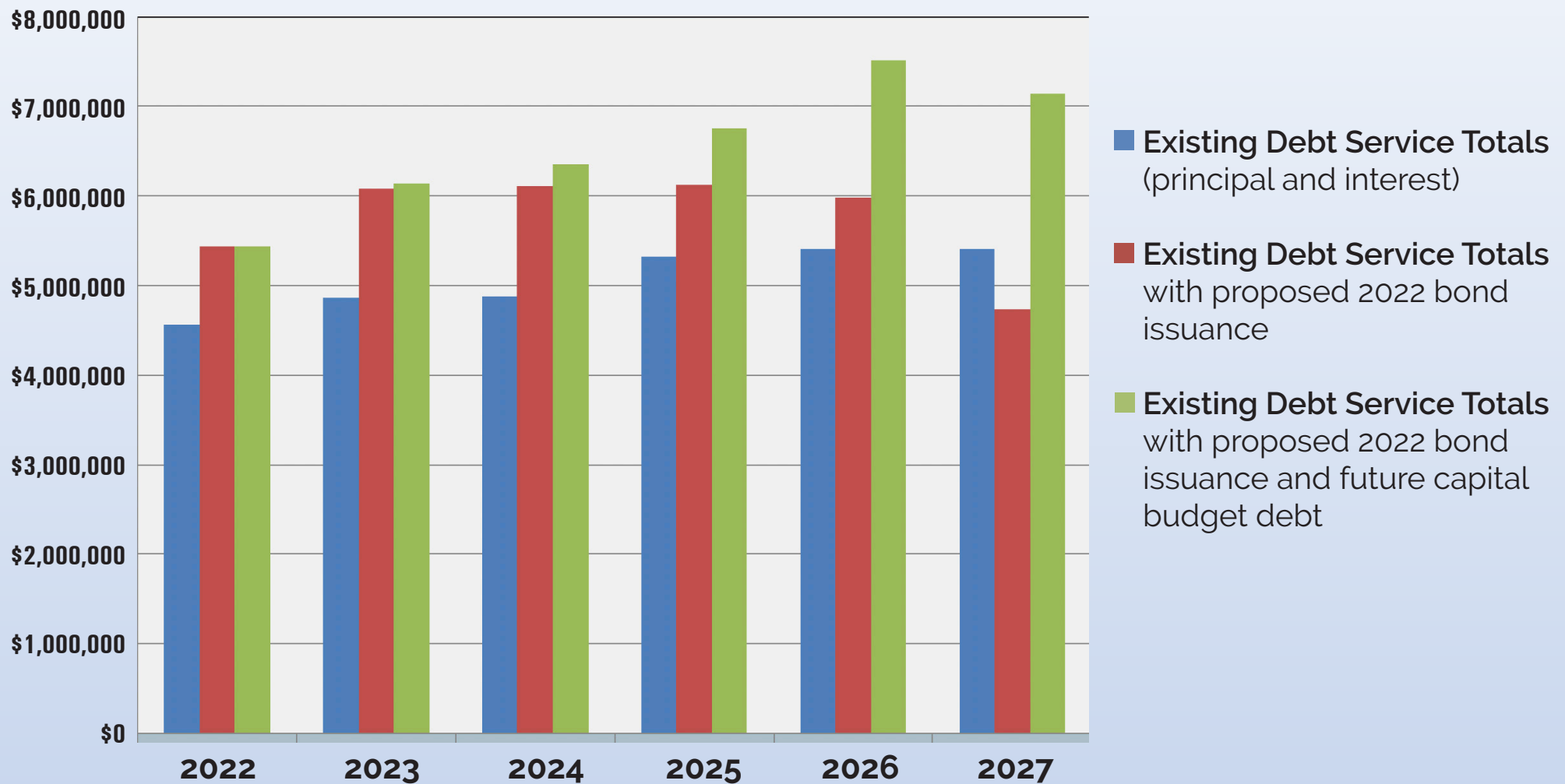
Capital Improvement Plan & Prospective Projects



2023-2027

DEPT.	2023	2024	2025	2026	2027	PP
Fire	\$410,000	\$923,000	\$783,000	\$668,000	\$33,000	\$0
Police	265,000	135,000	168,000	150,000	120,000	0
MVEC Jt. Dispatch	0	0	0	0	0	0
Admin./ Clerk	0	0	0	0	0	1,000,000
DCP	1,626,250	1,583,000	1,585,500	1,453,235	10,000	10,000
DCS	5,745,000	5,084,000	4,430,000	5,490,000	2,645,000	5,500,000
TOTAL	\$8,046,250	\$7,725,000	\$6,966,500	\$7,761,235	\$2,808,000	\$6,510,000

Six Year Capital Plan & Projected Debt Service



THANK YOU

Questions?



cityofsummit.org