



2023 MUNICIPAL BUDGET

COMMON COUNCIL
MEETING

CITY HALL
COUNCIL CHAMBER

APRIL 18, 2023



Budget Presentation Overview



- Process and Timeline
- Goals
- 2023 Challenges
- Financial Totals
- General Fund Budget Summary Points
- Tax Base Valuation
- Property Taxes and Budget Impact
- General Fund Revenues and Appropriations
- Debt Position
- 2023 Capital Budget and Five Year Improvements Plan



2023 Budget Process & Timeline

OPERATING & CAPITAL BUDGET DEVELOPMENT

- August 2022
- All departments commence process

DEPARTMENT BUDGETS

- October 28, 2022
- Submitted to City Administrator (CA) & Chief Financial Officer (CFO)

COUNCIL COMMITTEE REVIEW & DISCUSSION

- November 1 to December 13, 2022
- Revisions provided to CA & CFO

PUBLIC WORKSHOP

- December 14, 2022
- Review capital budget requests



2023 Budget Process & Timeline

FINANCE & CAPITAL PROJECTS COMMITTEES

REVIEW & DISCUSSION

- January to February 2023
- Operating budgets with department heads
- Finance and Capital Projects Committees to evaluate and finalize capital budget plan

CITY BUDGET PRESENTATION & INTRODUCTION

- April 18, 2023
- Common Council meeting

BUDGET ADOPTION

- May 16, 2023
- Public hearing—at least 28 days after introduction



GOAL 1

GOAL 2

GOAL 3

GOALS

- ▶ Develop and maintain a sustainable financial plan that balances short-term needs with long-term goals and objectives
- ▶ Enhance the efficiency and effectiveness of municipal services
- ▶ Improve communication and collaboration among departments to streamline processes and improve outcomes



GOAL 4

GOALS

GOAL 5

GOAL 6

- ▶ Develop and implement policies and procedures that reflect best practices in municipal governance and agency operations
- ▶ Foster a culture of innovation and continuous improvement that encourages staff to identify and implement new ideas and best practices
- ▶ Provide high-quality customer service to residents and other stakeholders

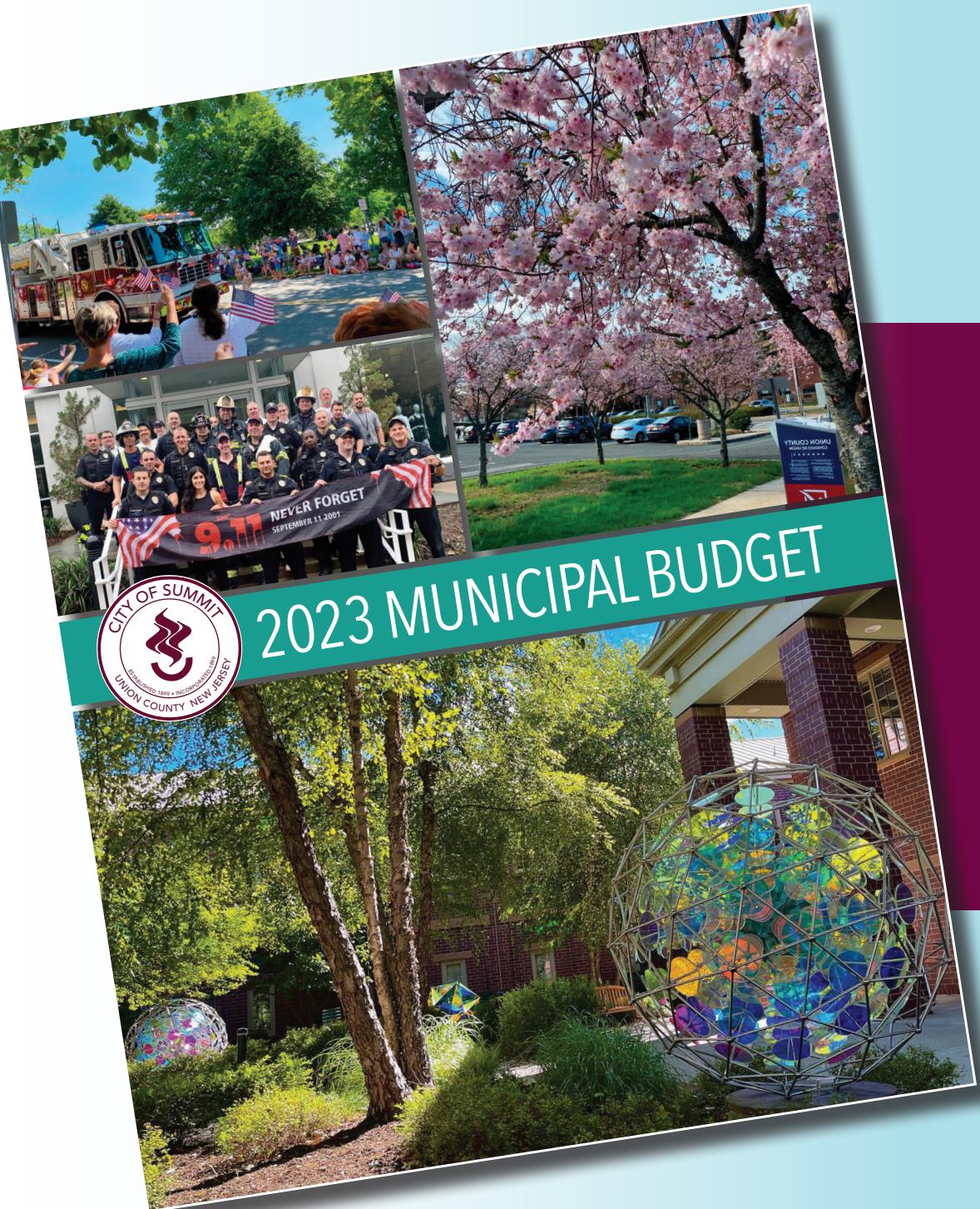


GOAL 7

GOALS

- ▶ Develop and maintain positive relationships with community partners and stakeholders, including neighboring municipalities, civic organizations, and business associations
- ▶ Make continuing improvements to critical city assets and infrastructure

GOAL 8



2023 MUNICIPAL BUDGET

2023 MUNICIPAL BUDGET OVERVIEW



2023 BUDGET CHALLENGES

GENERAL FUND

REVENUE

- \$622,000 of non-reoccurring revenue loss—American Rescue Plan Act (ARP), FEMA reimbursement and other reserve depletion

APPROPRIATIONS

\$2.4 million increase in three line-items:

- \$981,618 in municipal debt service payments
- \$895,463 in healthcare insurance premium costs (gross total)
- \$525,134 in pension obligations
- Recycling curbside collection contract increase of \$142,800
- Mountain Valley Emergency Communication Center (Joint Dispatch) cost assessment increase of \$60,423

Financial Summary Totals



GENERAL FUND	2023	2022 (ADOPTED)	% CHANGE
Municipal Budget	\$55,063,137	\$52,466,658	4.9%
Capital Budget	\$1,991,000	\$2,140,000	(7.0%)
Subtotal	\$57,054,137	\$54,606,658	4.5%

Financial Summary Totals



SEWER UTILITY FUND	2023	2022 (ADOPTED)	% CHANGE
Operations Budget	\$5,599,657	\$5,050,276	10.9%
Capital Budget	\$3,235,000	\$2,140,000	51.2%
Subtotal	\$8,834,657	\$7,190,276	22.9%

PARKING UTILITY FUND	2023	2022 (ADOPTED)	% CHANGE
Operations Budget	\$2,750,726	\$2,430,228	13.2%
Capital Budget	\$0	\$0	0%
Subtotal	\$2,750,726	\$2,430,228	13.2%
TOTAL FINANCIAL BUDGETS	\$68,639,520	\$64,227,162	6.9%

Financial Totals



2023 **\$68,639,520**

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

6.9%



SUMMIT

2023 General Fund



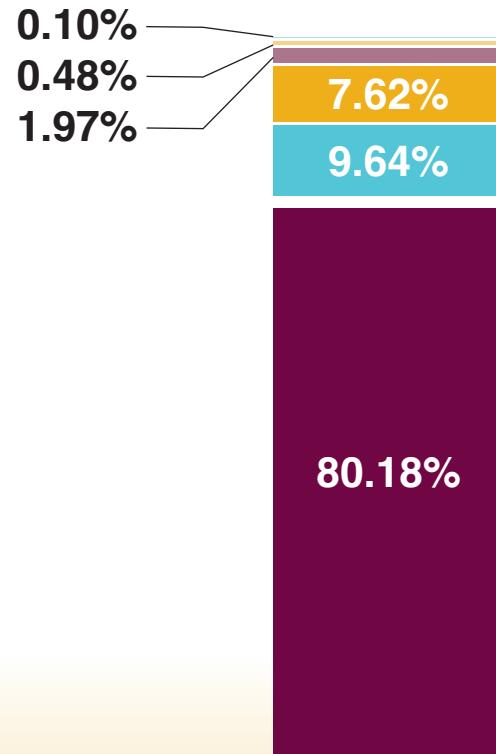
Budget Summary Points

- Non-Tax Revenue ↑ \$1,261,830 or 7.0%
- Municipal Tax Levy Revenue ↑ \$1,035,181 or 3.6%
- Salary & Wages Total: **\$17.8M** ↓ (\$277,095) or (1.5%)
- Dept. Other Expenses Total: **\$7.7M** ↑ \$204,131 or 0.3%
- Municipal Debt Service Payment ↑ \$981,618 or 17.5%
- Healthcare Insurance (Gross Total) ↑ \$895,463 or 23.3%
- Pension Obligations ↑ \$525,134 or 12.5%

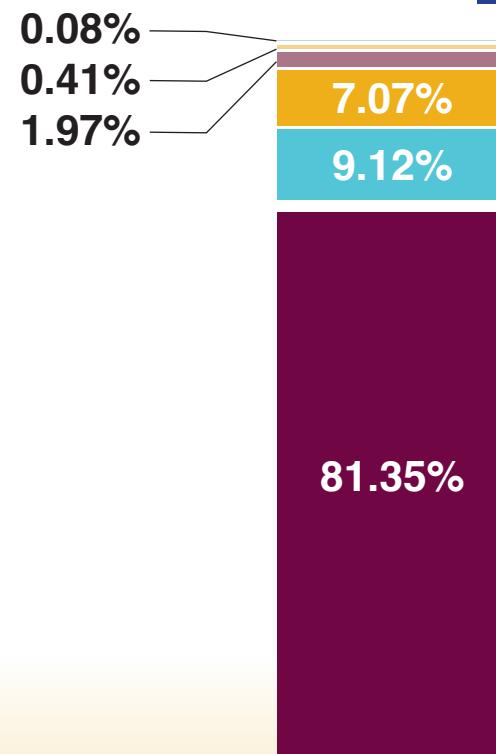


Tax Base Valuation Breakdown

2010
&
2015



- 1 VACANT LAND
- 2 RESIDENTIAL
(4 families or fewer)
- 4A COMMERCIAL
- 4B INDUSTRIAL
- 4C APARTMENT
- 6A VERIZON
(Business Personal
Property Telephone)

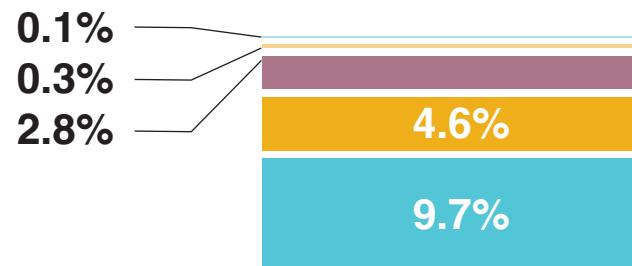


TAX BASE CLASSIFICATION		2010
1	VACANT LAND	\$15,096,700
2	RESIDENTIAL (4 families or fewer)	2,506,422,500
4A	COMMERCIAL	301,353,500
4B	INDUSTRIAL	238,271,000
4C	APARTMENT	61,490,800
6A	VERIZON (Business Personal Property Telephone)	3,262,000
Net Assessed Valuation Total		\$3,125,896,500

TAX BASE CLASSIFICATION		2015
1	VACANT LAND	\$12,823,900
2	RESIDENTIAL (4 families or fewer)	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

2023

Tax Base Valuation Breakdown



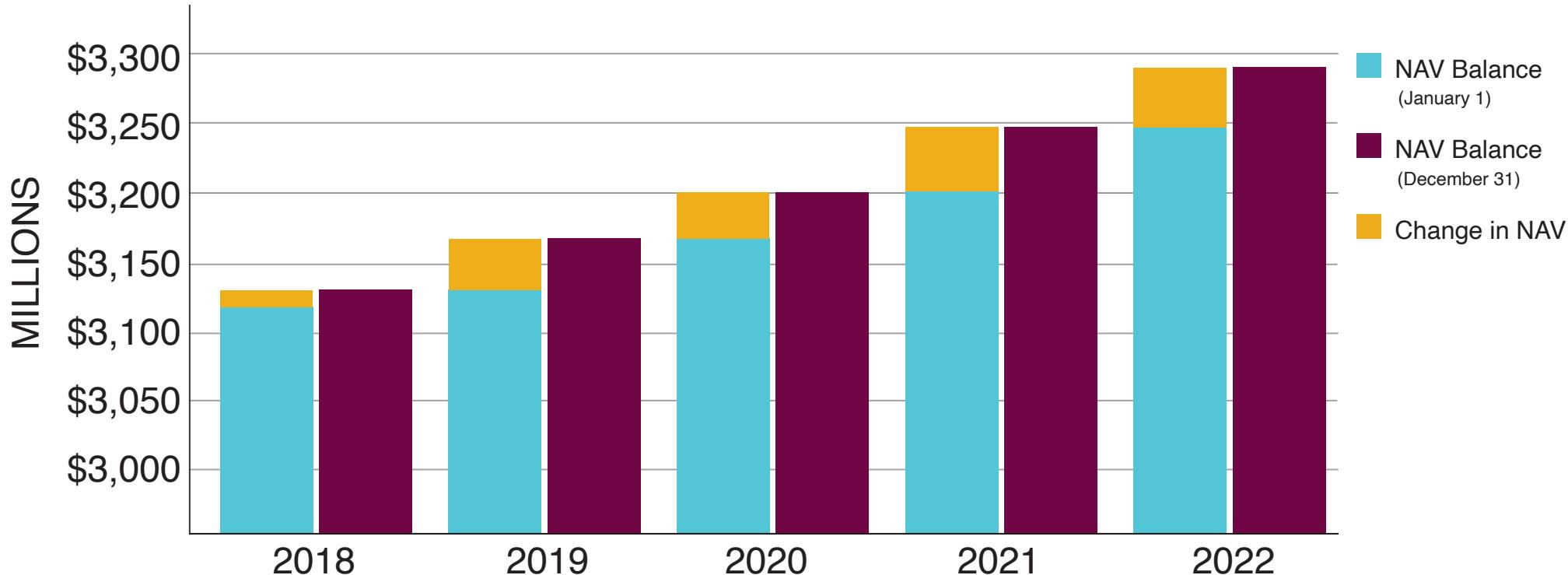
- 1 VACANT LAND
- 2 RESIDENTIAL (4 families or fewer)
- 4A COMMERCIAL
- 4B INDUSTRIAL
- 4C APARTMENT
- 6A VERIZON (Business Personal Property Telephone)

TAX BASE CLASSIFICATION		2023
1	VACANT LAND	\$10,341,000
2	RESIDENTIAL (4 families or fewer)	\$2,701,061,700
4A	COMMERCIAL	\$315,933,500
4B	INDUSTRIAL	\$151,564,800
4C	APARTMENT	\$90,937,100
6A	VERIZON (Business Personal Property Telephone)	\$2,665,189
Net Assessed Valuation Total		\$3,272,503,289



Tax Base Growth

NET ASSESSED VALUATION



	2018	2019	2020	2021	2022
NAV Balance (January 1)	\$3,133,257,826	\$3,143,119,824	\$3,172,957,793	\$3,200,766,106	\$3,237,730,137
NAV Balance (December 31)	\$3,143,119,824	\$3,172,957,793	\$3,200,766,106	\$3,237,730,137	\$3,272,503,289
Change in NAV	\$9,861,998	\$29,837,969	\$27,808,313	\$36,964,031	\$34,773,152

\$3.27 billion

\$1.50 million

1.0%



SUMMIT'S TAX BASE
↑ \$34.7 MILLION
FROM 2022

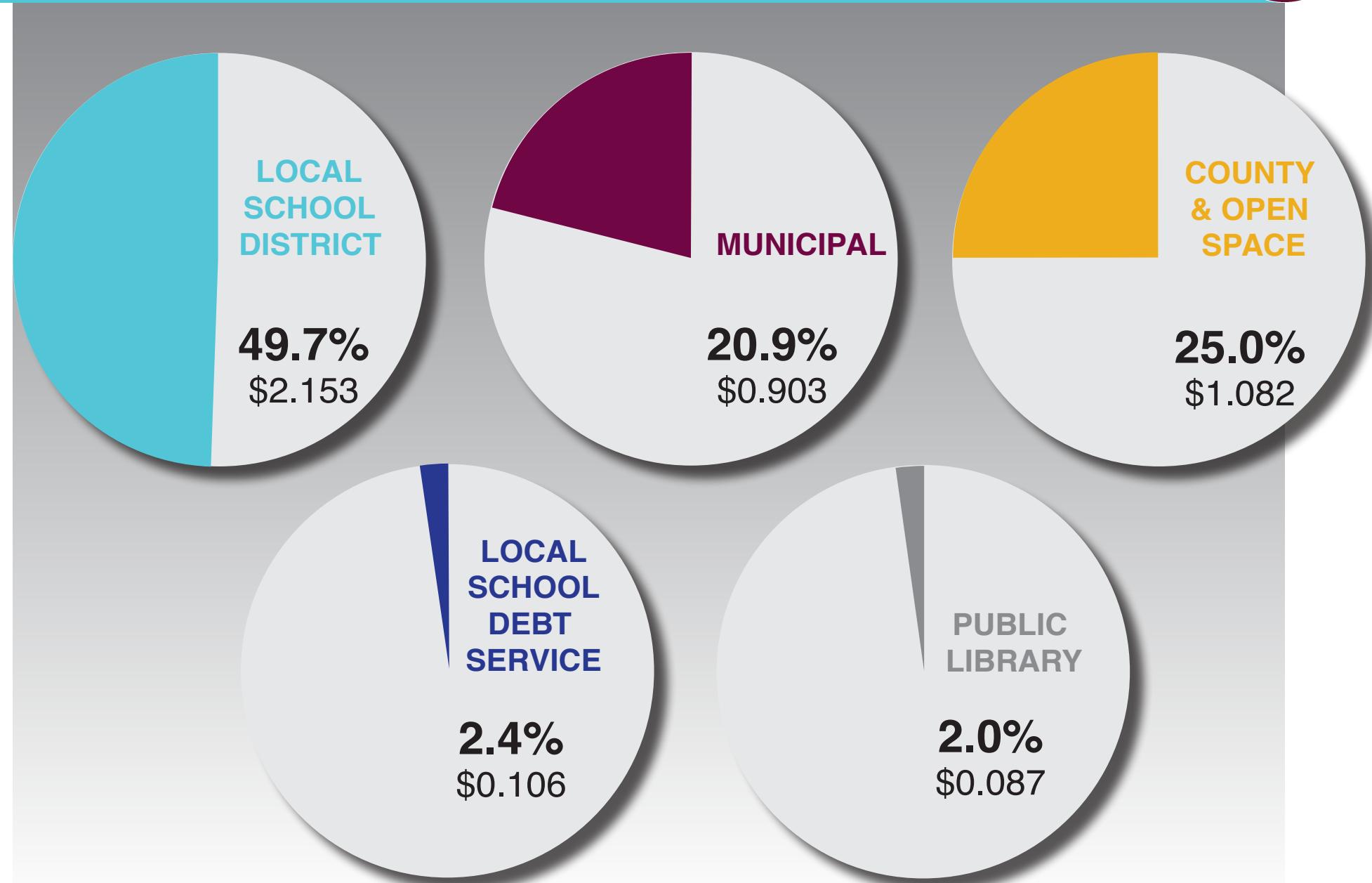
INCREASE OF TOTAL
TAX REVENUES
(MUNICIPAL TAX REVENUE
GAIN \$314,000)

TAX BASE GROWTH
IMPACT ON
MUNICIPAL TAX RATE



	2023	2022	2021	2020	2019	2018	2022 - 2023 % Change
Municipal	\$0.903	\$0.881	\$0.864	\$0.855	\$0.853	\$0.844	2.5%
Local School District	\$2.153	\$2.136	\$2.115	\$2.089	\$2.063	\$2.030	0.8%
County & Open Space	\$1.082	\$1.080	\$1.151	\$1.193	\$1.217	\$1.237	0.2%
Local School Debt Service	\$0.106	\$0.107	\$0.109	\$0.145	\$0.154	\$0.149	-0.9%
Library	\$0.087	\$0.079	\$0.078	\$0.078	\$0.078	\$0.079	10.1%
TOTAL	\$4.331	\$4.283	\$4.317	\$4.360	\$4.365	\$4.338	1.1%

2023 Estimated Property Tax Rates



Summit Tax Dollar



For every property tax dollar billed and collected, the city retains **only \$0.21** to fund municipal budget needs





Total Property Tax Bill Comparison

(\$431,204 – AVERAGE RESIDENTIAL HOME ASSESSMENT VALUATION)

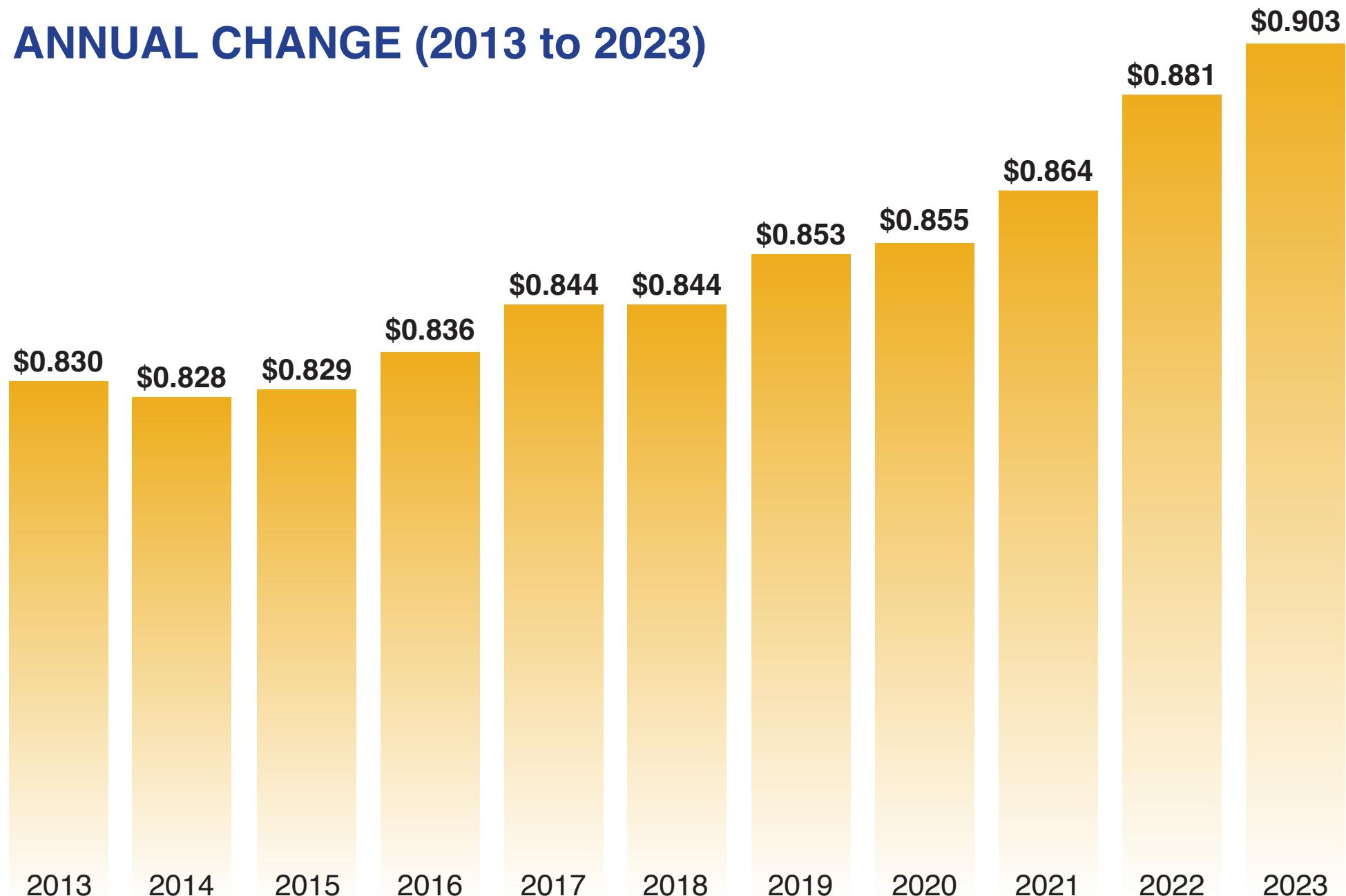
	2023	2022
Municipal	\$3,894	\$3,799
Local School District	\$9,283	\$9,211
County & Open Space	\$4,666	\$4,657
Local School Debt Service	\$475	\$461
Public Library	\$375	\$341
ESTIMATED TOTAL PROPERTY TAX EFFECT	\$18,675	\$18,469

\$206 Estimated Total Property Tax Increase

Municipal Tax Rate



ANNUAL CHANGE (2013 to 2023)



Effective Tax Rate



2022 Equalization Ratios and 2022 Total Tax Rates
Average Residential Market Value of \$1.01 Million

Municipality	2022 Tax Rate	2022 Ratio	Effective Tax Rate	Total Tax Bill
Roselle	\$8.536	41.32%	\$3.527	\$35,748
Fanwood	\$2.807	92.65%	\$2.601	\$26,359
Garwood	\$2.632	95.01%	\$2.501	\$25,345
Summit*	\$4.283	42.03%	\$1.800	\$18,245

*Lowest in Union County

General Fund Revenues



	2023 ANTICIPATED	2022 ANTICIPATED	\$ CHANGE
Fund Balance (14.6%)	\$8,030,000	\$7,900,000	\$130,000
Local Revenues (6.7%)	\$3,706,445	\$3,165,698	\$540,747
State Aid (6.3%)	\$3,443,969	\$3,280,088	\$163,881
Grants (1.2%)	\$654,558	\$155,887	\$498,671
Enterprise Funds/Contributions (5.5%)	\$3,048,234	\$3,077,703	(\$29,469)
Prior Year Tax Receipts (0.6%)	\$318,000	\$360,000	(\$42,000)
Municipal Tax Levy (53.7%)	\$29,562,617	\$28,527,436	\$1,035,181
School District Debt Obligation (6.3%)	\$3,460,732	\$3,462,650	(\$1,918)
Library Tax Levy (5.2%)	\$2,838,582	\$2,537,196	\$301,386
TOTAL REVENUES	\$55,063,137	\$52,466,658	\$2,596,479



Revenues

• LOCAL REVENUES

- ▲ **Increases:** \$202,751 (Interest on investments)
\$160,000 (Municipal Court fees)
\$108,000 (Police off-duty administration fees)

- ▼ **Decreases:** \$17,000 (Sale of recyclable materials)
\$14,000 (Community Services fees)
\$10,717 (Verizon—Cable TV franchise fees)

• ENTERPRISE FUNDS/CONTRIBUTIONS

- ▲ **Increases:** \$175,000 (General capital surplus)
\$150,000 (Sewer Utility contribution)
\$131,000 (UCC share of pension & healthcare costs)

- ▼ **Decreases:** \$483,568 (American Rescue Plan Act stimulus aid)
\$88,198 (FEMA reimbursement—COVID 19 pandemic costs)
\$50,133 (Community Center—reserve to pay general capital debt)

Property Tax Levies



	2023 ESTIMATES	2022	% CHANGE
Municipal	\$29,562,617	\$28,527,436	3.6%
Local School District	\$70,449,531	\$69,137,266	1.9%
County	\$34,231,531	\$33,842,344	1.2%
County & Open Space	\$1,170,141	\$1,158,441	1.0%
Local School Debt Service	\$3,460,732	\$3,462,650	-0.1%
Public Library	\$2,838,582	\$2,537,196	11.9%
TOTAL	\$141,713,134	\$138,665,333	2.2%

2% PROPERTY TAX LEVY

\$1,099,880



UNDER

*Maximum Tax Levy
Amount of
\$30,662,497*

General Fund Appropriations



\$55,063,137

Municipal Operations: \$34,717,095

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

Other Appropriations: \$15,346,026

- Library levy
- Grants and interlocal agreements
- Capital improvements
- Municipal and Local School Debt Service
- Deferred charges and reserves

Reserve for Uncollected Taxes: \$5,000,016



2023 Appropriations

\$34,717,095

Municipal Operations	2023	2022 ADOPTED	\$ CHANGE FROM 2022
General Government (3.2%)	\$1,772,788	\$1,704,699	\$68,089
Finance (2.3%)	\$1,250,790	\$1,241,342	\$9,448
Public Safety (20.7%)	\$11,381,614	\$11,688,549	(\$306,935)
Community Services (14.3%)	\$7,894,481	\$7,856,476	\$38,005
Community Programs (2.2%)	\$1,216,511	\$1,144,766	\$71,745
Board of Health (0.9%)	\$499,395	\$491,411	\$7,984
Municipal Court (0.7%)	\$385,689	\$367,988	\$17,701
Utilities (2.2%)	\$1,212,000	\$1,191,000	\$21,000
Insurance (6.7%)	\$3,706,452	\$3,543,167	\$163,285
Pension/Social Security (9.8%)	\$5,397,375	\$4,893,420	\$503,955

2023 Appropriations



\$15,346,026

Other Appropriations	2023	2022 ADOPTED	\$ CHANGE FROM 2022
Public Library (5.2%)	\$2,838,582	\$2,537,196	\$301,386
Grants (1.2%)	\$654,558	\$155,887	\$498,671
Joint Dispatch Agreement (2.2%)	\$1,216,855	\$1,156,432	\$60,423
Capital Improvements (0.2%)	\$100,000	\$107,000	(\$7,000)
Municipal Debt Service (12.0%)	\$6,593,190	\$5,611,572	\$981,618
School Debt Service (6.7%)	\$3,702,841	\$3,719,481	(\$16,640)
Deferred Charges & Reserves (0.4%)	\$240,000	\$55,000	\$185,000

APPROPRIATIONS CAP

\$2,569,248



UNDER
*Maximum Allowable
Appropriations
Amount of
\$37,426,342*

Municipal Personnel



CITY PERSONNEL No staff position changes in 2022	2023	2022	2021	2020
Full Time	177	177	175	172
Part Time	25	25	23	31
TOTAL	202	202	198	203

Salaries & Wages



Includes Temporary/Seasonal Employee Wages and Overtime

FUND	2023	2022	\$ Change Y-O-Y	% Change Y-O-Y
General	\$17,823,016	\$18,100,111	(\$277,095)	(1.5%)
Sewer Utility	\$450,508	\$422,938	\$27,570	6.5%
Parking Services Utility	\$656,789	\$640,141	\$16,648	2.6%
Uniform Construction Code (Dedicated Trust Fund)	\$874,395	\$903,530	(\$29,135)	(3.2%)
TOTAL	\$19,804,708	\$20,066,720	(\$262,012)	(1.3%)

Municipal Services



Other Expenses (General Fund)

- **\$7.8 million or 14.2% of Total Appropriations**
- **\$200,000 or 2.6% increase from 2022**
- **\$142,800 of increase related to Recycling Curbside Collection**
- **3 Largest Line-item Categories**
 - Transfer Station disposal charges – \$990,000 (up \$20,000)
 - Recycling curbside collection – \$840,800 (up \$142,800)
 - Fuel – \$452,000 (up \$126,564)
- **3 Largest Professional Contract lines**
 - Legal Services (general & labor) – \$250,000 (no increase)
 - Land Use (planning services & special projects) – \$175,000 (no increase)
 - Legal Services (tax appeals) – \$125,000 (down \$10,000)

Other Appropriations



HEALTHCARE INSURANCE

- **\$4.74 million** (estimated gross amount) medical and dental insurance premiums (Medical \$4.54 million; Dental \$200,000)
- **\$895,463**, or **23% increase** (Last six years, 1.7% average increase)
- **\$263,718** in additional employee contributions (\$1.41 million total)
- **\$101,393** of premium increase appropriated in Parking, Sewer and Library budgets
- **\$383,352** allocated from Self Insurance reserve fund to offset annual increase
- **\$2.49 million** (estimated net amount) healthcare insurance appropriation (\$147,000 higher than 2022)

Other Appropriations



PENSION OBLIGATIONS

- PERS and PFRS – **\$4.65 million** net total
- Up **\$491,209** or 11.8%
- Since 2014, on average, annual pension obligations have increased by **3.9%**

DEBT SERVICE: ‘AAA’ Bond Rating

- **\$6.59 million** up \$981,618 from 2022 (17.5% increase)
- **\$4.4 million** of principal pay down
- Scheduled bond payments projected to increase in 2024 by approximately **\$19,496**

Current Debt Position



As of December 31, 2022

Statutory Equalized Valuation

\$7,865,120,957

Statutory Borrowing Power

\$275,279,233

Statutory Net Debt

\$65,576,761

Remaining Statutory Borrowing Power

\$209,702,472

Net Debt to Statutory Equalized Valuation

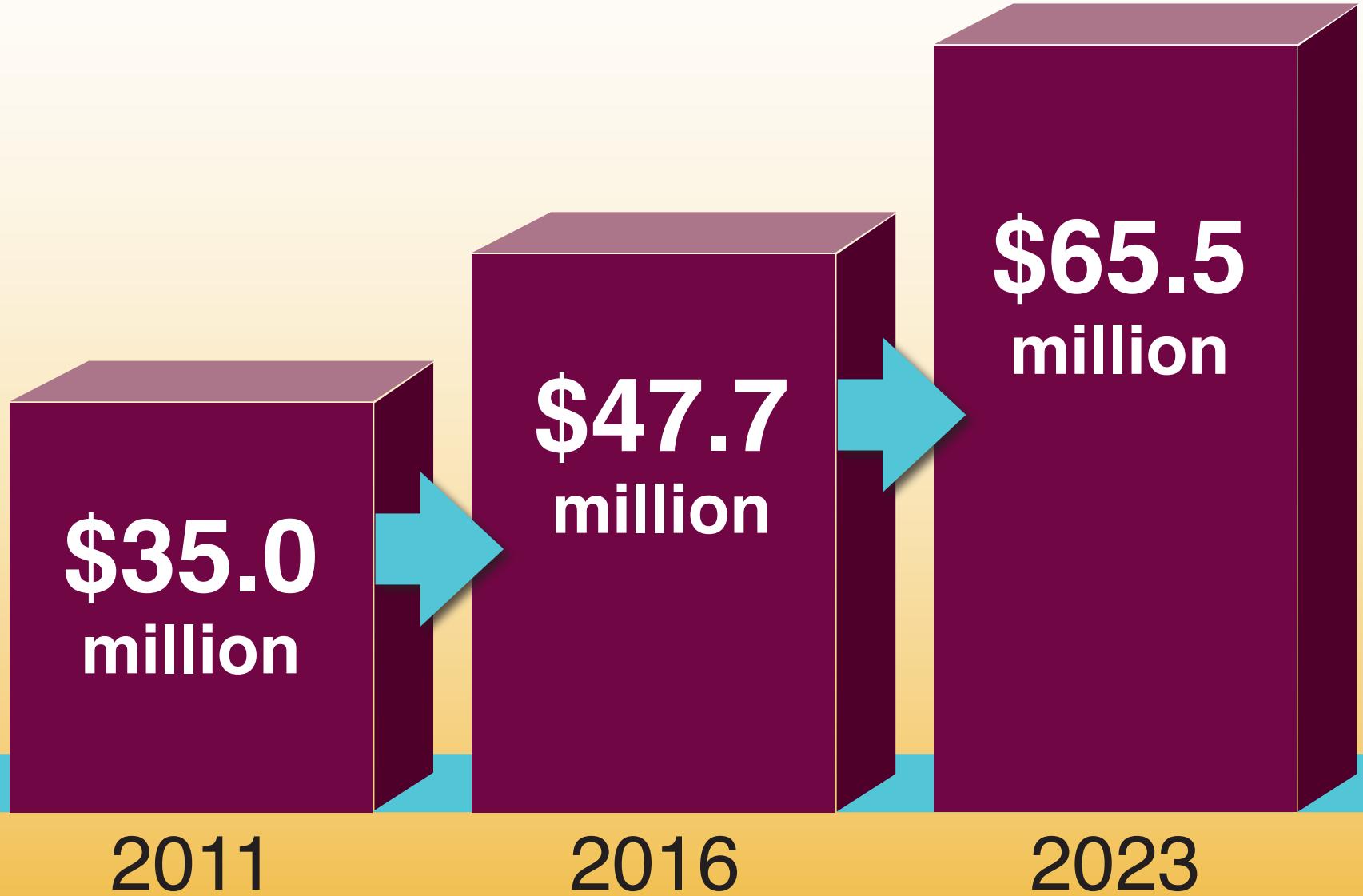
0.834%

Debt & Past Capital Budgets



YEAR	ANNUAL PRINCIPAL PAID	CAPITAL BUDGET
2023	\$4,395,000	\$1,991,000
2022	\$3,830,000	\$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

Net Debt Impact



City Departments 2023 Capital Budget Plan



Capital Budgets



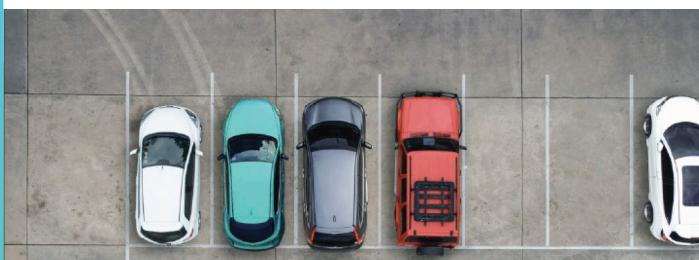
GENERAL FUND

**TOTAL
\$1,991,000**



PARKING SERVICES AGENCY

**TOTAL
\$0**



SEWER UTILITY

**TOTAL
\$3,235,000**



Capital Budget Comparison



DEPARTMENT	2023	2022	% Change
Fire	\$446,000	\$230,000	93.9%
Police	\$310,000	\$110,000	181.8%
Community Services	\$900,000	\$1,390,000	-35.3%
Community Programs	\$335,000	\$310,000	8.1%
Administration/Clerk	\$0	\$100,000	100.0%
TOTAL	\$1,991,000	\$2,140,000	-7.0%

Capital Budget Comparison



UTILITY	2023	2022	% Change
Parking Services	\$0	\$0	0.0%
Sewer	\$3,235,000	\$2,440,000	32.6%
TOTAL	\$3,235,000	\$2,440,000	32.6%



Fire Department



2023 Capital Budget Total Request: **\$446,000**



Furniture

for New Fire House

\$245,000

IT Equipment

\$141,000



Radio Equipment

\$45,000



Turnout Gear

\$15,000



Police Department



2023 Capital Budget Total Request: **\$310,000**



**Patrol Vehicle
Replacement Program**

\$110,000



**Fixed License Plate
Recognition Cameras**

\$200,000

Dept. of Community Services



CITY OF SUMMIT
DEPARTMENT OF
**COMMUNITY
SERVICES**

**2023 Capital Budget
Total Request: \$900,000**

Dept. of Community Services



INFRASTRUCTURE: \$720,000

ROAD IMPROVEMENT PROJECTS

- Briant Parkway, Edison Drive & Mead Court
- Micropaving Program
- Prospect Street
- Public Works Paving Program



STORM WATER

- Sewer Maintenance



TRAFFIC & SAFETY

- Pedestrian Safety Improvement Project
- RRFB Installations
- Traffic Calming Measures & Signal Upgrade
- Open Space Management
- Sidewalk Infrastructure Project



Dept. of Community Services



VEHICLE/EQUIPMENT: **\$75,000**



Pickup Truck

\$50,000



Log Splitter

\$25,000

Dept. of Community Services



\$50,000



CITY HALL

- ADA Upgrade

\$55,000



TRANSFER STATION

- Replacement/maintenance
- Packer upgrade

Community Programs



Summit Community Programs

2023 Capital Budget
Total Request: **\$335,000**

Community Programs



Mabie Playground Improvements

\$300,000



Paddle Tennis Courts

\$25,000



Park Furnishings

\$10,000

Utility Funds



**Parking
Services:
\$0**

Sewer Utility:



Total Request: \$3.23M

- \$750,000 for Infrastructure**

Sewer TV Inspection and line cleaning, sewer lining and spot repairs, and facility upgrades and maintenance

- \$1,550,000 for Capital Projects**

Sewer replacement (Oak Knoll Rd., Colonial Rd. and Ridgedale Ave.)

- \$155,000 for Equipment and Vehicles**

Sewer trucks and EV charging station

- \$780,000 for Sewer Pump Stations**

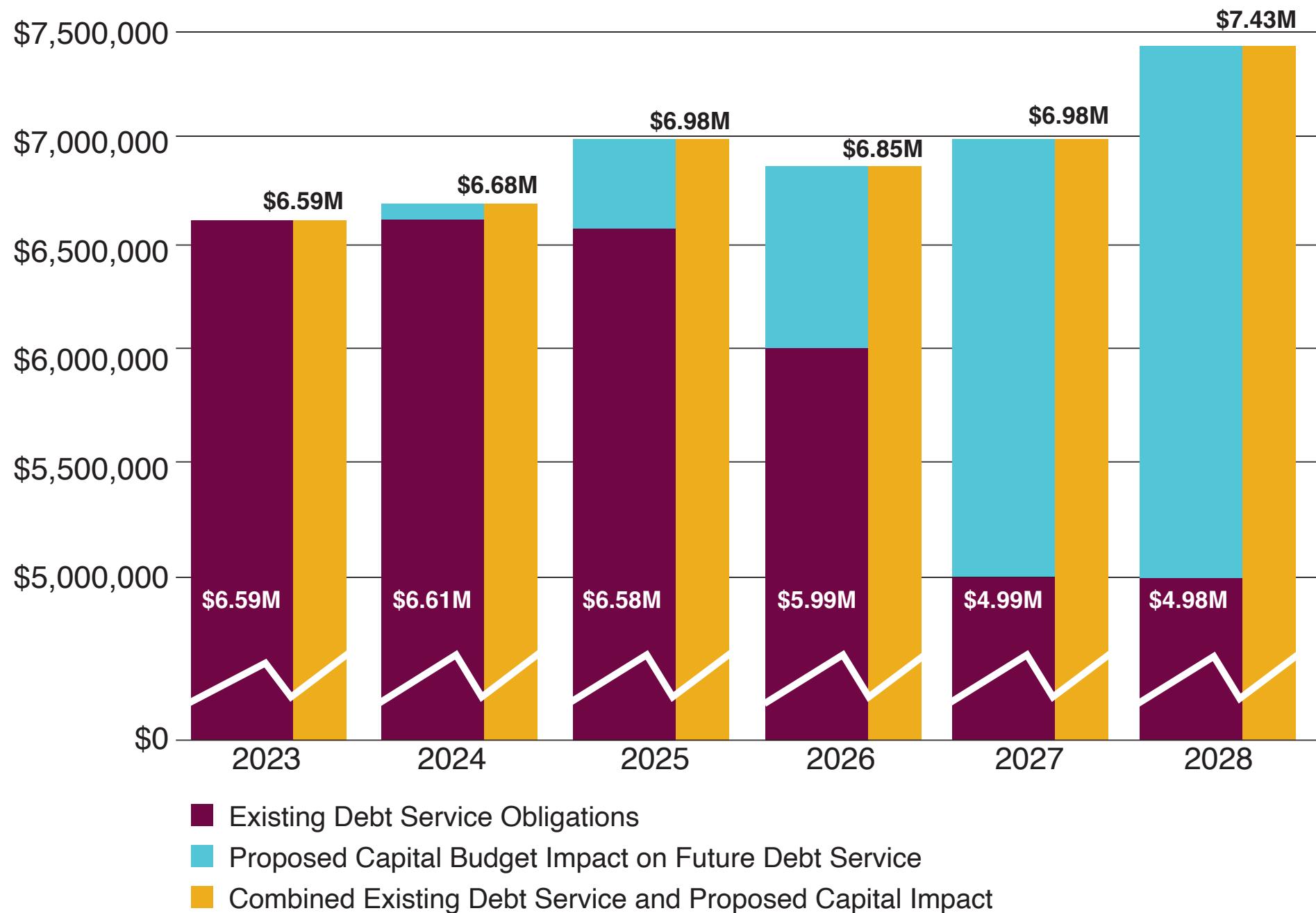
Upgrades—Chatham Rd., Constantine Pl., Glen Ave., River Rd. pump upgrades

Capital Improvement Plan & Prospective Projects



DEPT.	2024	2025	2026	2027	2028	PP
Fire	\$978,000	\$838,000	\$683,000	\$73,000	\$124,000	\$0
Police	\$465,000	\$168,000	\$138,000	\$150,000	\$120,000	\$120,000
Community Services	\$5,466,000	\$4,465,000	\$5,765,000	\$2,645,000	\$495,000	\$7,745,000
Community Programs	\$1,326,250	\$1,583,000	\$1,585,500	\$1,703,235	\$610,000	\$10,000
Administration/Clerk	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$8,235,250	\$7,054,000	\$8,171,500	\$4,571,235	\$1,349,000	\$7,875,000

Six-Year Capital Plan & Projected Debt Service



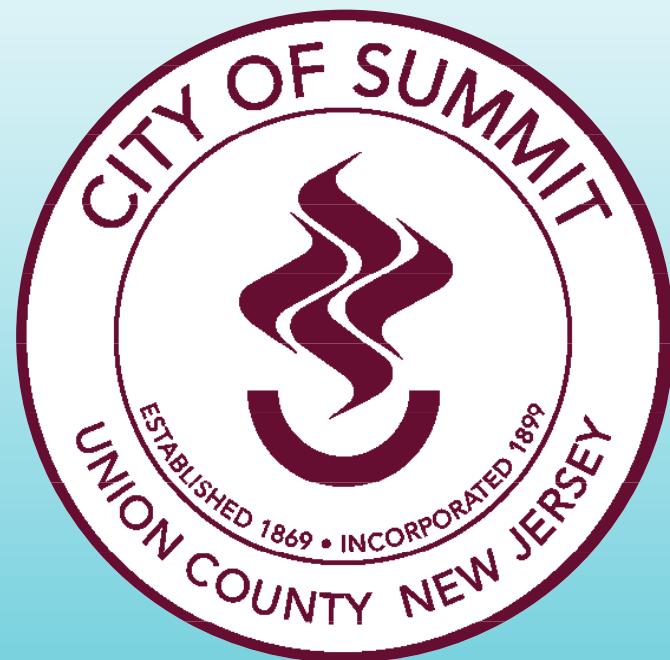


Key Highlights

- Non-Tax Revenue up \$1.26 million from 2022 anticipated amounts
- Three primary cost drivers (municipal debt service, healthcare insurance and pension obligations), collectively, amount to \$2.4 million (92%) of total \$2.6 million appropriations increase
- \$1.03 million municipal tax levy increase to balance budget
- \$34.7 million in new property value growth with estimated \$314,000 in new municipal revenue
- Overall, 2023 municipal budget will require a municipal tax rate increase of \$0.022/\$100 of assessed property valuation to generate approximately \$720,000 in additional revenue
- \$95 of estimated \$206 total tax bill increase related to municipal tax increase (based on \$431,204 average residential property assessment value)

THANK YOU

Questions?



cityofsummit.org