



# 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

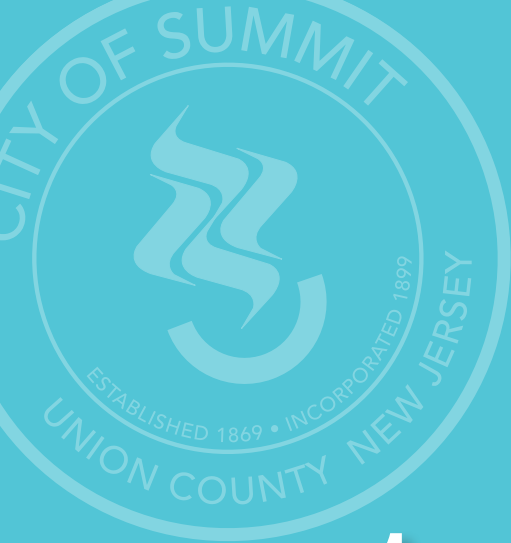
## CITY BUDGET PRESENTATION & INTRODUCTION

- April 18, 2023
- Common Council meeting

## BUDGET ADOPTION

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





# GOALS

## GOAL 1

- ▶ Develop and maintain a sustainable financial plan that balances short-term needs with long-term goals and objectives

## GOAL 2

- ▶ Enhance the efficiency and effectiveness of municipal services

## GOAL 3

- ▶ Improve communication and collaboration among departments to streamline processes and improve outcomes



# GOALS

## GOAL 4

- ▶ Develop and implement policies and procedures that reflect best practices in municipal governance and agency operations

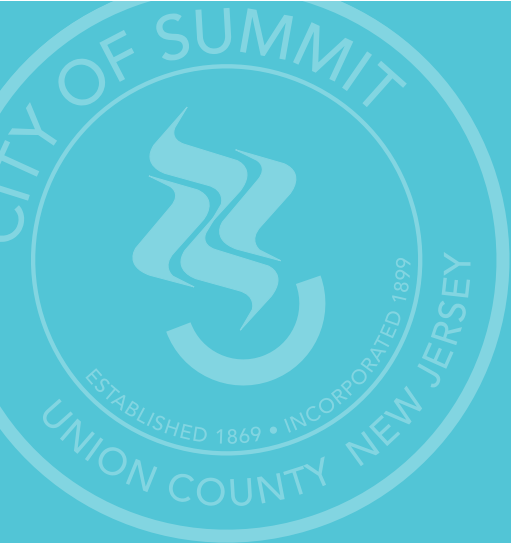
## GOAL 5

- ▶ Foster a culture of innovation and continuous improvement that encourages staff to identify and implement new ideas and best practices

## GOAL 6

- ▶ Provide high-quality customer service to residents and other stakeholders





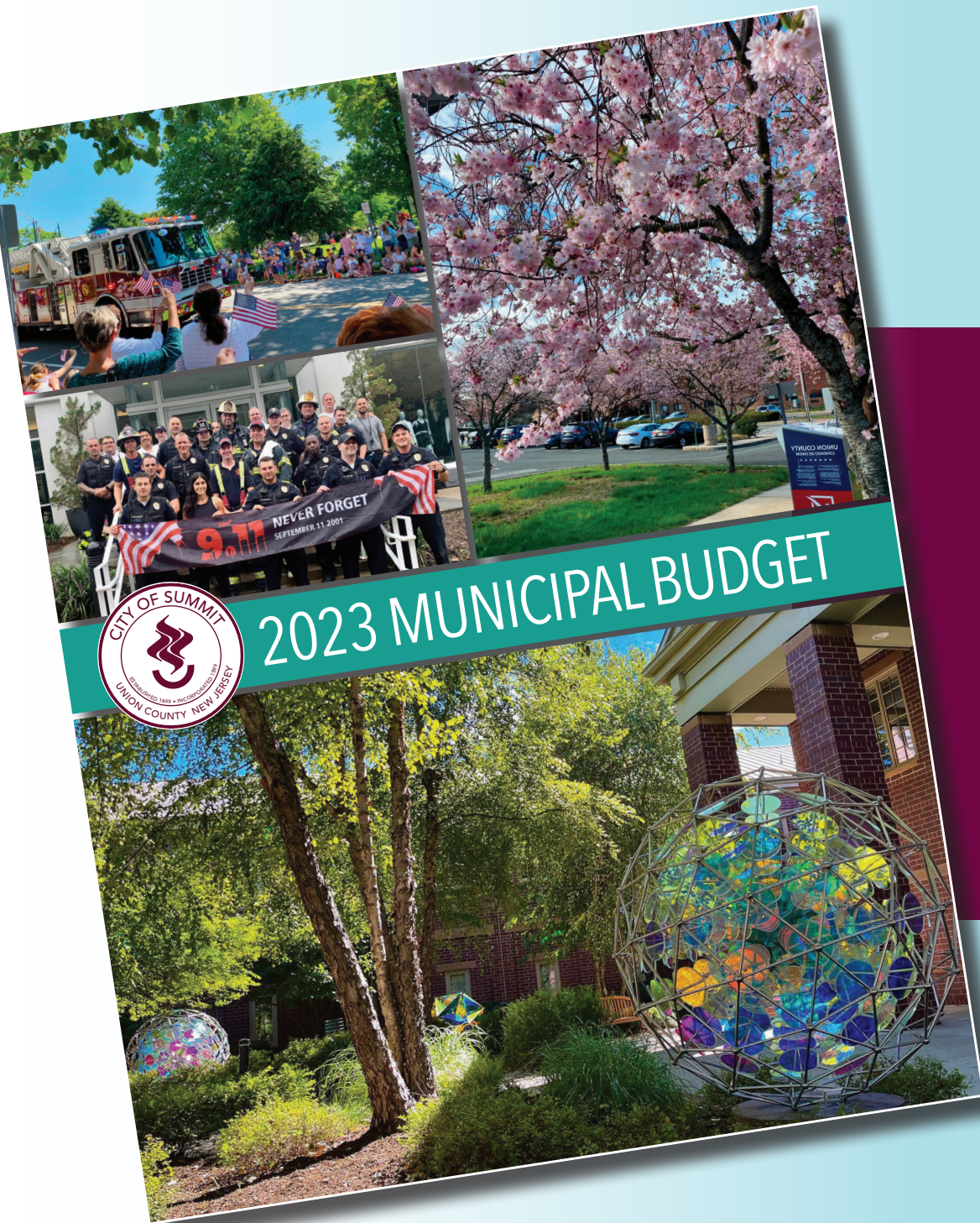
# GOALS

## GOAL 7

▶ Develop and maintain positive relationships with community partners and stakeholders, including neighboring municipalities, civic organizations, and business associations

## GOAL 8

▶ Make continuing improvements to critical city assets and infrastructure



# 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%)
<b>Subtotal</b>	<b>\$57,054,137</b>	<b>\$54,606,658</b>	<b>4.5%</b>



# 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%
<b>Subtotal</b>	<b>\$8,834,657</b>	<b>\$7,190,276</b>	<b>22.9%</b>

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

# Financial Totals



2023     **\$68,639,520**

2022     **\$64,227,162**

**6.9%**



**SUMMIT**



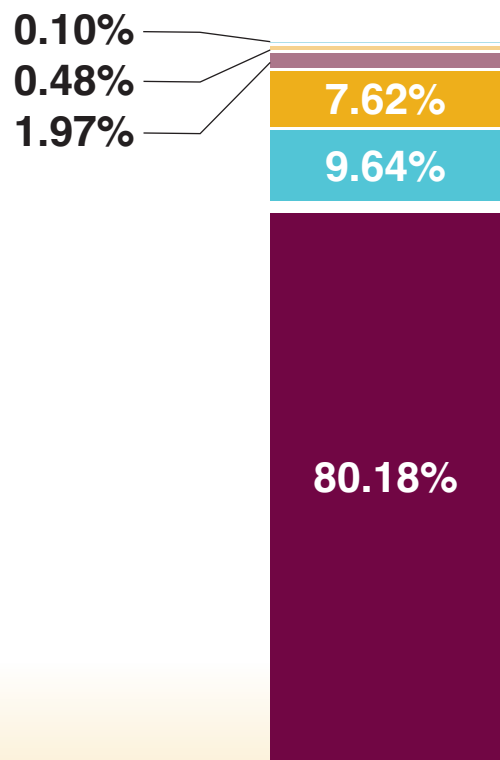
## Budget Summary Points

• Non-Tax Revenue	↑	\$1,261,830 or 7.0%
• Municipal Tax Levy Revenue	↑	\$1,035,181 or 3.6%
• Salary & Wages Total: <b>\$17.8M</b>	↓	(\$277,095) or (1.5%)
• Dept. Other Expenses Total: <b>\$7.7M</b>	↑	\$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%

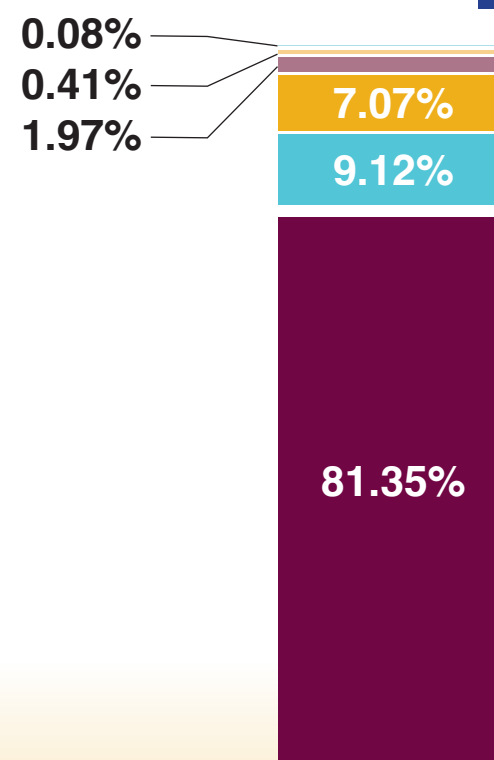


# Tax Base Valuation Breakdown

2010  
&  
2015



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

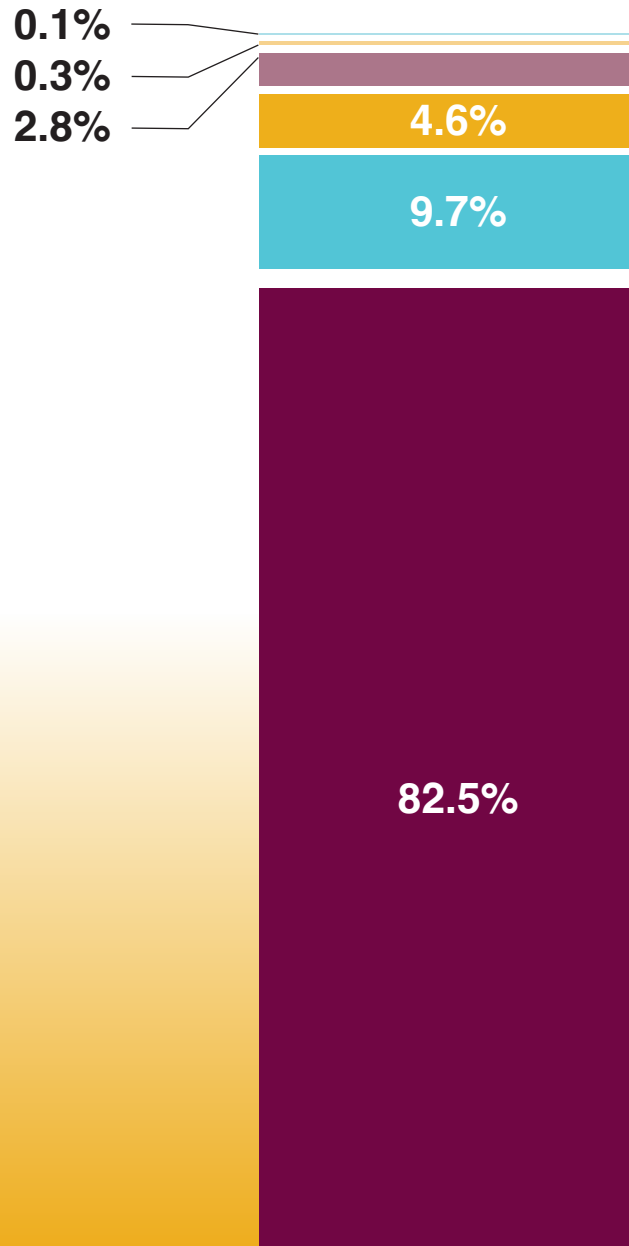


TAX BASE CLASSIFICATION		2010
1	VACANT LAND	\$15,096,700
2	RESIDENTIAL (4 families or fewer)	2,506,422,500
4A	COMMERCIAL	301,353,500
4B	INDUSTRIAL	238,271,000
4C	APARTMENT	61,490,800
6A	VERIZON (Business Personal Property Telephone)	3,262,000
Net Assessed Valuation Total		\$3,125,896,500

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)

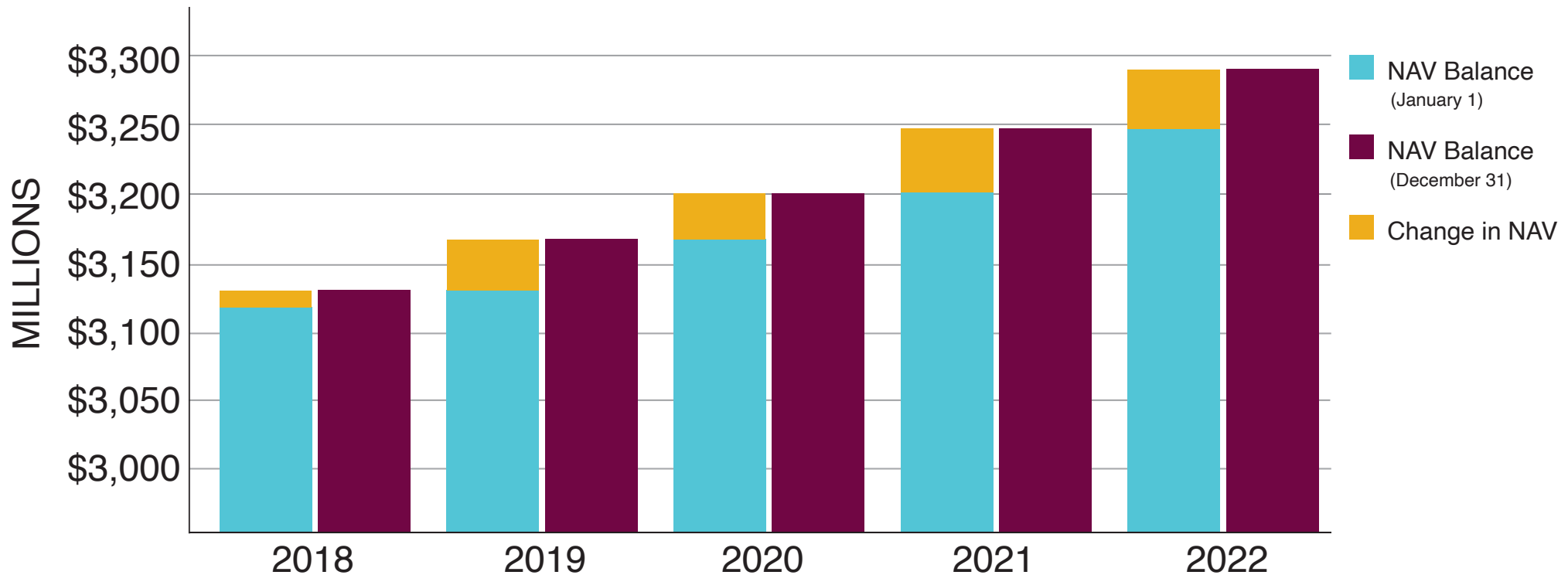
TAX BASE CLASSIFICATION		2023
1	VACANT LAND	\$10,341,000
2	RESIDENTIAL (4 families or fewer)	\$2,701,061,700
4A	COMMERCIAL	\$315,933,500
4B	INDUSTRIAL	\$151,564,800
4C	APARTMENT	\$90,937,100
6A	VERIZON (Business Personal Property Telephone)	\$2,665,189
Net Assessed Valuation Total		\$3,272,503,289



# Tax Base Growth




## NET ASSESSED VALUATION



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

**\$3.27 billion**

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

**\$1.50 million**

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

**1.0%**

TAX BASE GROWTH  
IMPACT ON  
MUNICIPAL TAX RATE



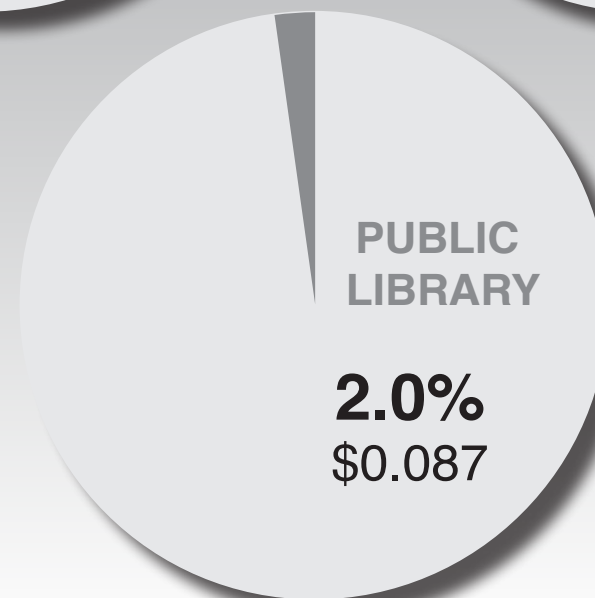
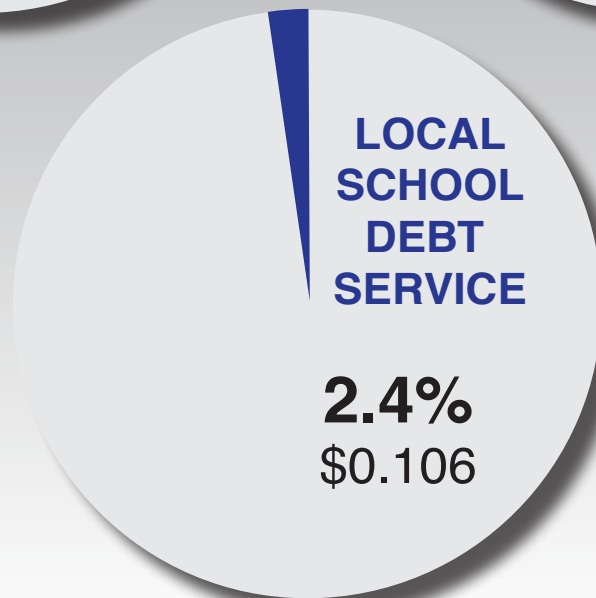
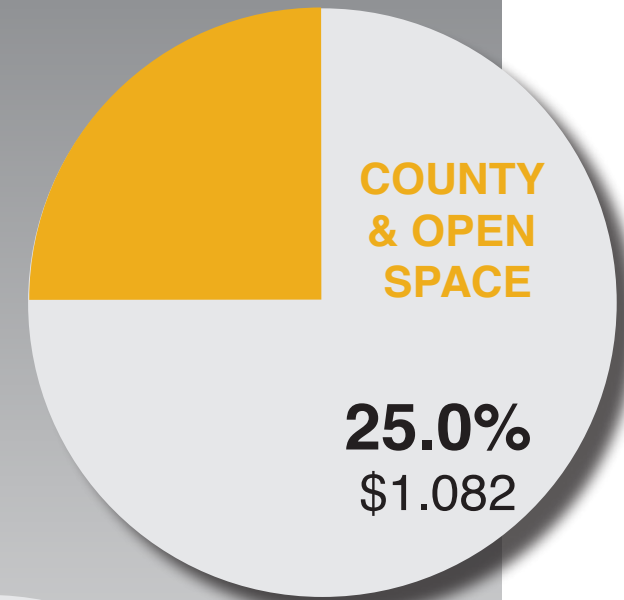
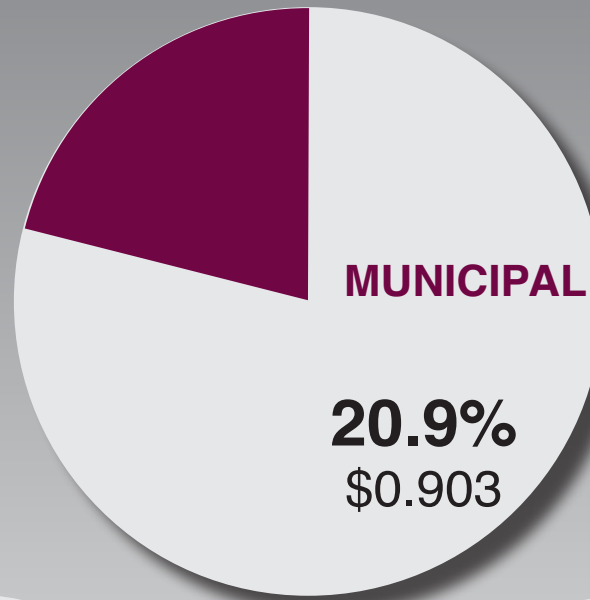
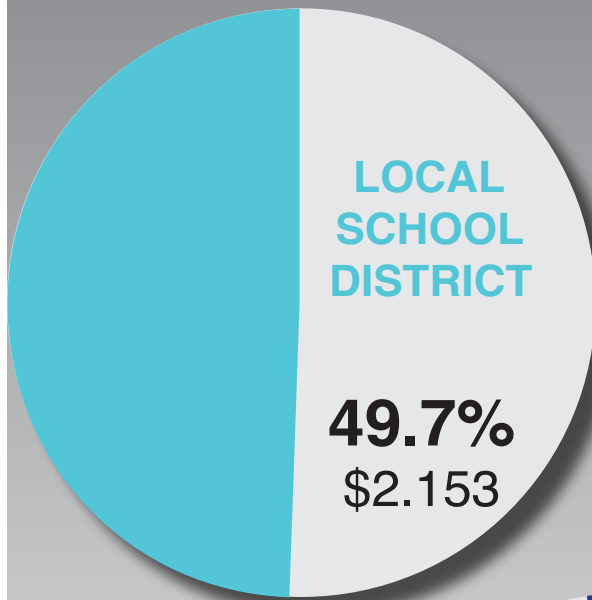
**2018-  
2023**

# Property Tax Rates



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

# 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)**

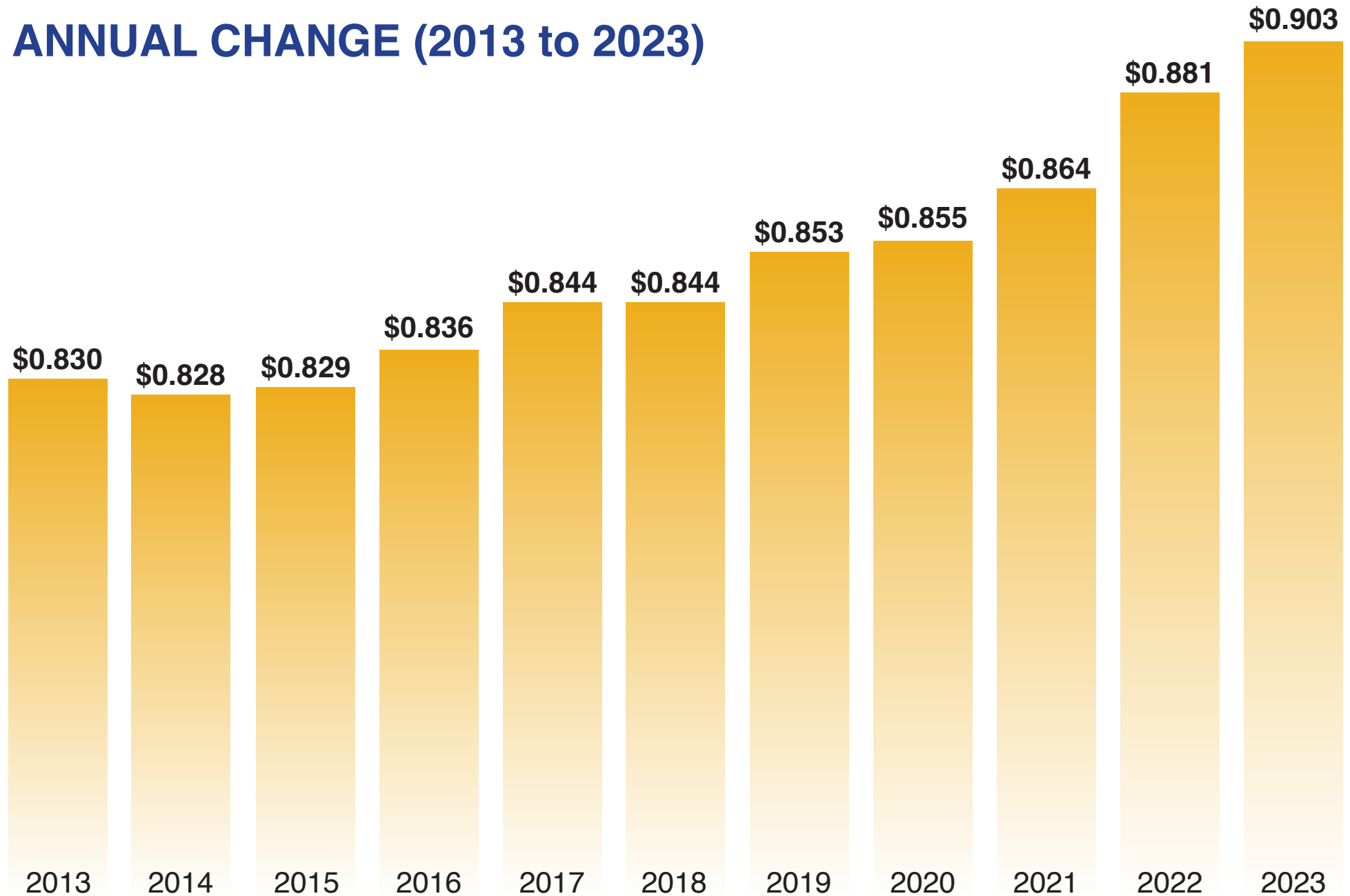
	2023	2022
<b>Municipal</b>	\$3,894	\$3,799
<b>Local School District</b>	\$9,283	\$9,211
<b>County &amp; Open Space</b>	\$4,666	\$4,657
<b>Local School Debt Service</b>	\$475	\$461
<b>Public Library</b>	\$375	\$341
<b>ESTIMATED TOTAL PROPERTY TAX EFFECT</b>	<b>\$18,675</b>	<b>\$18,469</b>

**\$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
<b>TOTAL REVENUES</b>	<b>\$55,063,137</b>	<b>\$52,466,658</b>	<b>\$2,596,479</b>

# Revenues



## • LOCAL REVENUES

▲ <b>Increases:</b>	\$202,751	(Interest on investments)
	\$160,000	(Municipal Court fees)
	\$108,000	(Police off-duty administration fees)
▼ <b>Decreases:</b>	\$17,000	(Sale of recyclable materials)
	\$14,000	(Community Services fees)
	\$10,717	(Verizon—Cable TV franchise fees)

## • ENTERPRISE FUNDS/CONTRIBUTIONS

▲ <b>Increases:</b>	\$175,000	(General capital surplus)
	\$150,000	(Sewer Utility contribution)
	\$131,000	(UCC share of pension & healthcare costs)
▼ <b>Decreases:</b>	\$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
<b>Municipal</b>	\$29,562,617	\$28,527,436	3.6%
<b>Local School District</b>	\$70,449,531	\$69,137,266	1.9%
<b>County</b>	\$34,231,531	\$33,842,344	1.2%
<b>County &amp; Open Space</b>	\$1,170,141	\$1,158,441	1.0%
<b>Local School Debt Service</b>	\$3,460,732	\$3,462,650	-0.1%
<b>Public Library</b>	\$2,838,582	\$2,537,196	11.9%
<b>TOTAL</b>	<b>\$141,713,134</b>	<b>\$138,665,333</b>	<b>2.2%</b>

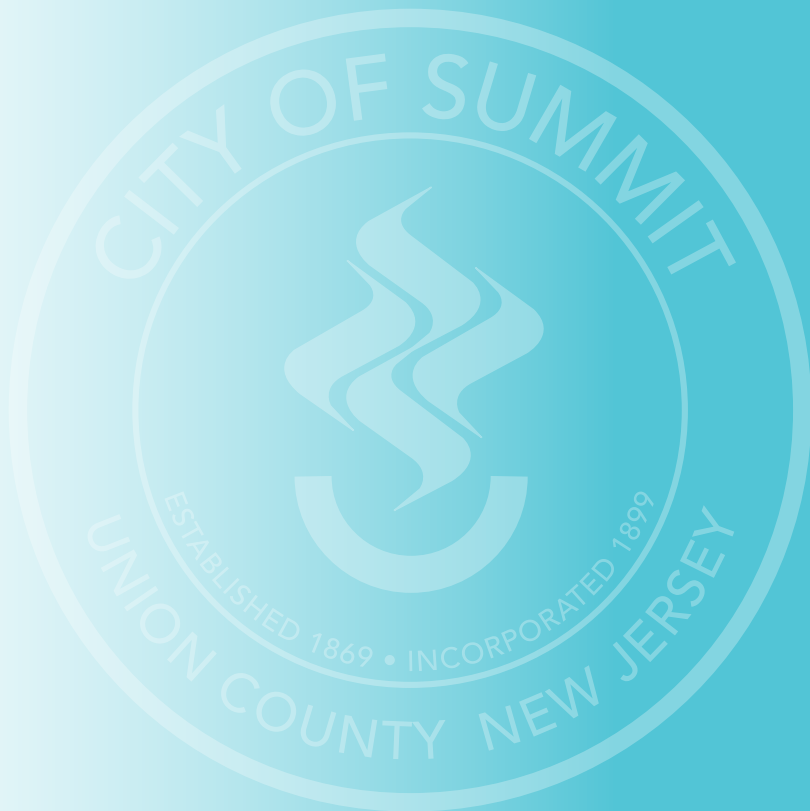


**2% PROPERTY TAX LEVY**

**\$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



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

# Salaries & Wages



**Includes Temporary/Seasonal Employee Wages and Overtime**

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

# 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



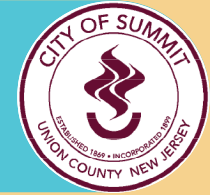
## PENSION OBLIGATIONS

- 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

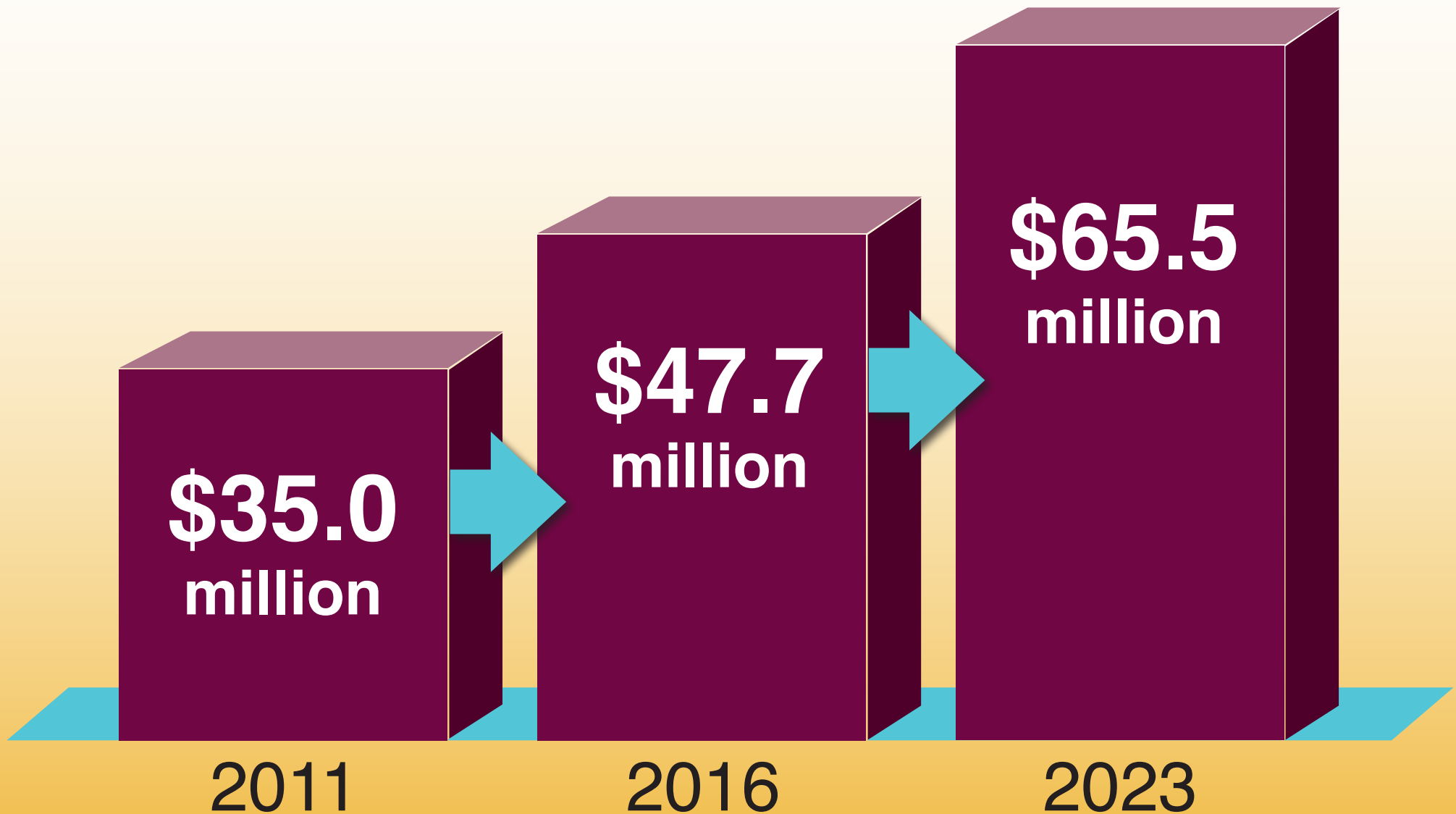
Statutory Equalized Valuation	\$7,865,120,957
Statutory Borrowing Power	\$275,279,233
Statutory Net Debt	\$65,576,761
Remaining Statutory Borrowing Power	\$209,702,472
Net Debt to Statutory Equalized Valuation	0.834%

# Debt & Past Capital Budgets



YEAR	ANNUAL PRINCIPAL PAID	CAPITAL BUDGET
<b>2023</b>	\$4,395,000	\$1,991,000
<b>2022</b>	\$3,830,000	\$2,140,000
<b>2021</b>	\$3,745,000	\$4,030,000
<b>2020</b>	\$3,365,000	\$4,189,500
<b>2019</b>	\$2,496,450	\$15,417,500
<b>2018</b>	\$3,670,000	\$5,039,200
<b>2017</b>	\$2,965,000	\$4,785,546
<b>2016</b>	\$2,548,500	\$5,904,800
<b>2015</b>	\$2,470,300	\$11,025,000
<b>2014</b>	\$2,098,300	\$7,692,828

# Net Debt Impact





# City Departments 2023 Capital Budget Plan



# Capital Budgets



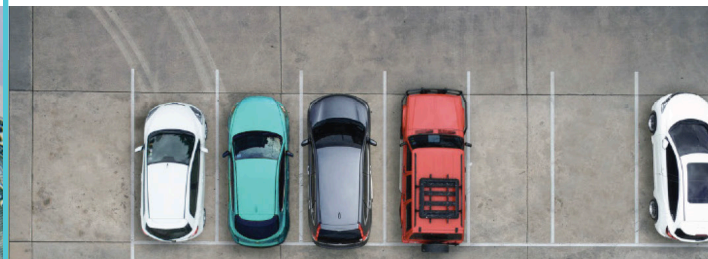
## GENERAL FUND

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



2023 Capital Budget  
Total Request: \$900,000



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**

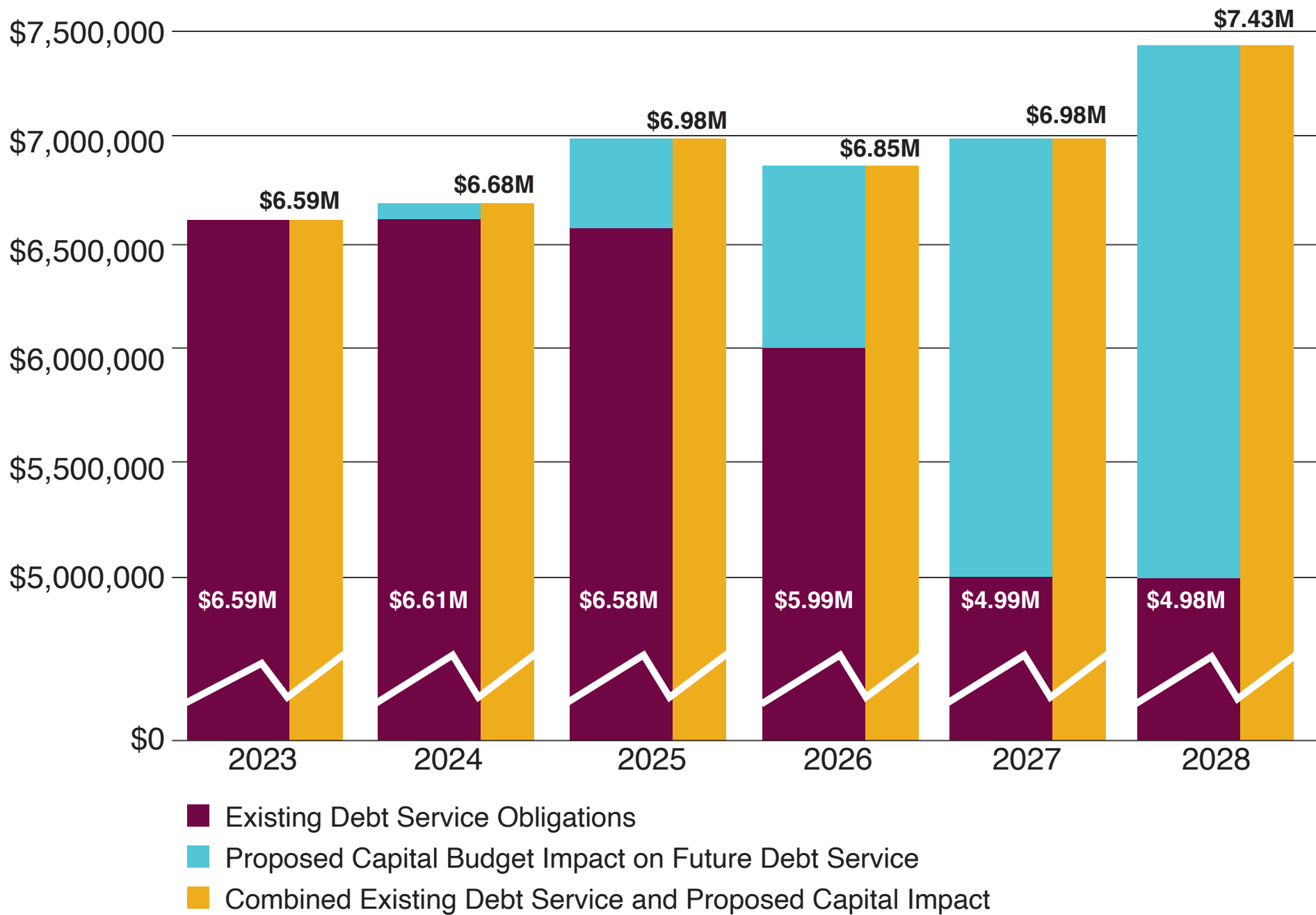
- **\$750,000 for Infrastructure**  
Sewer TV Inspection and line cleaning, sewer lining and spot repairs, and facility upgrades and maintenance
- **\$1,550,000 for Capital Projects**  
Sewer replacement (Oak Knoll Rd., Colonial Rd. and Ridgedale Ave.)
- **\$155,000 for Equipment and Vehicles**  
Sewer 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
<b>Fire</b>	\$978,000	\$838,000	\$683,000	\$73,000	\$124,000	\$0
<b>Police</b>	\$465,000	\$168,000	\$138,000	\$150,000	\$120,000	\$120,000
<b>Community Services</b>	\$5,466,000	\$4,465,000	\$5,765,000	\$2,645,000	\$495,000	\$7,745,000
<b>Community Programs</b>	\$1,326,250	\$1,583,000	\$1,585,500	\$1,703,235	\$610,000	\$10,000
<b>Administration/Clerk</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$8,235,250</b>	<b>\$7,054,000</b>	<b>\$8,171,500</b>	<b>\$4,571,235</b>	<b>\$1,349,000</b>	<b>\$7,875,000</b>

# 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?



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