

# 2021 MUNICIPAL BUDGET



**BUDGET**

# Finance Committee

- Granville Brady, Chairperson
- Fred Wied V, Vice Chair
- Staff
- Paige Elster, CFO & Tax Collector
- Kevin Sluka, Administrator
- Hodulik & Morrison, P.A. a Division of PFK O'Connor Davies, LLC
- Andrew Hodulik, RMA
- Gregg Katzer, Senior Accountant

# Budgets

- Current Fund Budget (Municipal Budget)
- Parking Utility Budget
- Sewer Utility Budget
- Capital Budget

# Budget Document Breakdown

- Appropriation – Revenues = Taxation
- Grants are on both sides of the equations
- Let's examine.....in this order
- Revenues
- Appropriations
- Grants
- Taxation

# Larger Revenues

## Anticipated for 2021

Sheets 4- 10a

- Court \$177,000
- Fees & Permits \$155,000
- Interest on taxes \$160,000
- Construction Code \$500,000
- Energy Rec. Tax \$1,404,290
- Recreation Programs  
\$21,000
- Garbage Decals \$20,000
- Interest on Invest. \$80,000



# 2021 Anticipated vs. 2020 Actual (Realized)

## 2021 ANTICIPATED

- Court \$177,000
- Fees & Permits \$155,000
- Interest on Taxes \$160,000
- Construction Code \$500,000
- Energy Rec. Tax & Compra \$1,404,290
- Recreation Programs \$21,500
- Garbage Decals \$20,000
- Interest on Invest \$80,000

## 2020 ACTUAL

- Court \$177,678
- Fees & Permits \$159,199
- Interest on Taxes \$161,723
- Construction Code \$1,093,458
- Energy Rec. Tax & Compra \$1,404,290
- Recreation Programs \$21,677
- Garbage Decals \$24,762
- Interest on Invest. \$135,356

# Payment in Lieu of Taxes “PILOT”

PILOTs that are being anticipated in 2021 Budget

(Sheet 10)

- Edge - \$430,000
- Cobalt- \$157,000
- 6 N. Doughty - \$30,000
- SOMA-\$65,000
- Commons-\$74,000

Not being anticipated in 2021 Budget but under construction

- The Davenport
- Somerset Development
- Parcview
- Station House
- JSM Phase 3

# Understanding “PILOTS”

- Borough receives a negotiated percentage of gross revenue of the development .
- County receives 5% of the PILOT.
- Land taxes are paid in full, but the amount is credited against PILOT payment.
- The school’s budget is adopted by the Board of Education. The PILOT’s do not negatively affect the Board of Education budget. The BOE receives 100% of its adopted budget.



# Development Pilots nearing completion not anticipated in Budget – “The Davenport”



The Davenport



60 Apartments

# Development Pilots nearing completion not anticipated in Budget – “Station House”



Station House

- Located at 44 Veterans Memorial Drive, Station House will feature 116 ultra-luxury apartments complete with private balconies, washer and dryer in-unit, state-of-the-art fitness center, tech lounge, and outdoor social terrace area. Located just 400 feet away from Somerville’s NJ Transit train station and Main Street

Ready to rent in 2 months

# Development Pilots nearing completion not anticipated in Budget – “Parcview”



Parcview



Apartments

# Other “PILOTs”

**RWJ- \$311,000**



**Somerset County - \$125,000**



# Fund balance used to support the budget....

- Revenues realized above the amount anticipated is surplus. The Borough can use surplus funds in the following year to support the current fund budget.
- In 2021, a portion of surplus is being used to support the capital budget while a larger portion used to offset the loss of ratables (RWJ- Cancer Center).
- \$2,700,000 is being used for 2021 (Sheet 4)

# A Look at Appropriations for 2021 (Employee costs)

- Statutory Expenses ( Sheet 19)
  - Social Security \$230,000
  - Unemployment \$5,000
  - PERS \$337,107 (Current & Utility budgets)
  - PFRS \$1,199,964

TOTAL \$1,772,071



# Inside Look into the 2021 Current Fund Budget –Utilities (Sheet 17)

- Street Lighting \$260,000
- Fire Hydrant Fees \$160,000
- Telephone \$99,000
- Water \$31,000
- Electricity \$200,000
- Gasoline \$105,000



# 2021 Insurance (sheet 14)

- Employee Group  
\$1,160,000
- Other Insurance  
Premium \$886,000
- Dental \$70,000





# Look inside the Debt Service (sheet 27)

Bond Principal \$1,765,000

Bond Interest \$404,560

EIT \$220,195

EIT Interest \$31,400

SCIA Principal \$110,000

SCIA Interest \$26,000



# Operational Expenses

- Salary and Wages      \$6,593,000
- Expenses                      \$7,088,950

Sheet 17a

# What is new....

- Transitioning a seasonal position to regular-DPW
- Creation of a position- DPW management support
- Completing the Finance/Tax Office Organization Chart
- Advancing Social Media efforts with Interlocal
- Combining Enforcement position
- Changes to parking operations collection processes
- Finalize negotiations to Senior Housing lease, Collective Bargaining Agreement, & Garage lease

# Understanding the Budget

- Appropriation – Revenues = Taxation
- \$21,042,831 - \$8,169,998 = \$12,872,833

How does that translate to property taxes?

# What does it mean to you?

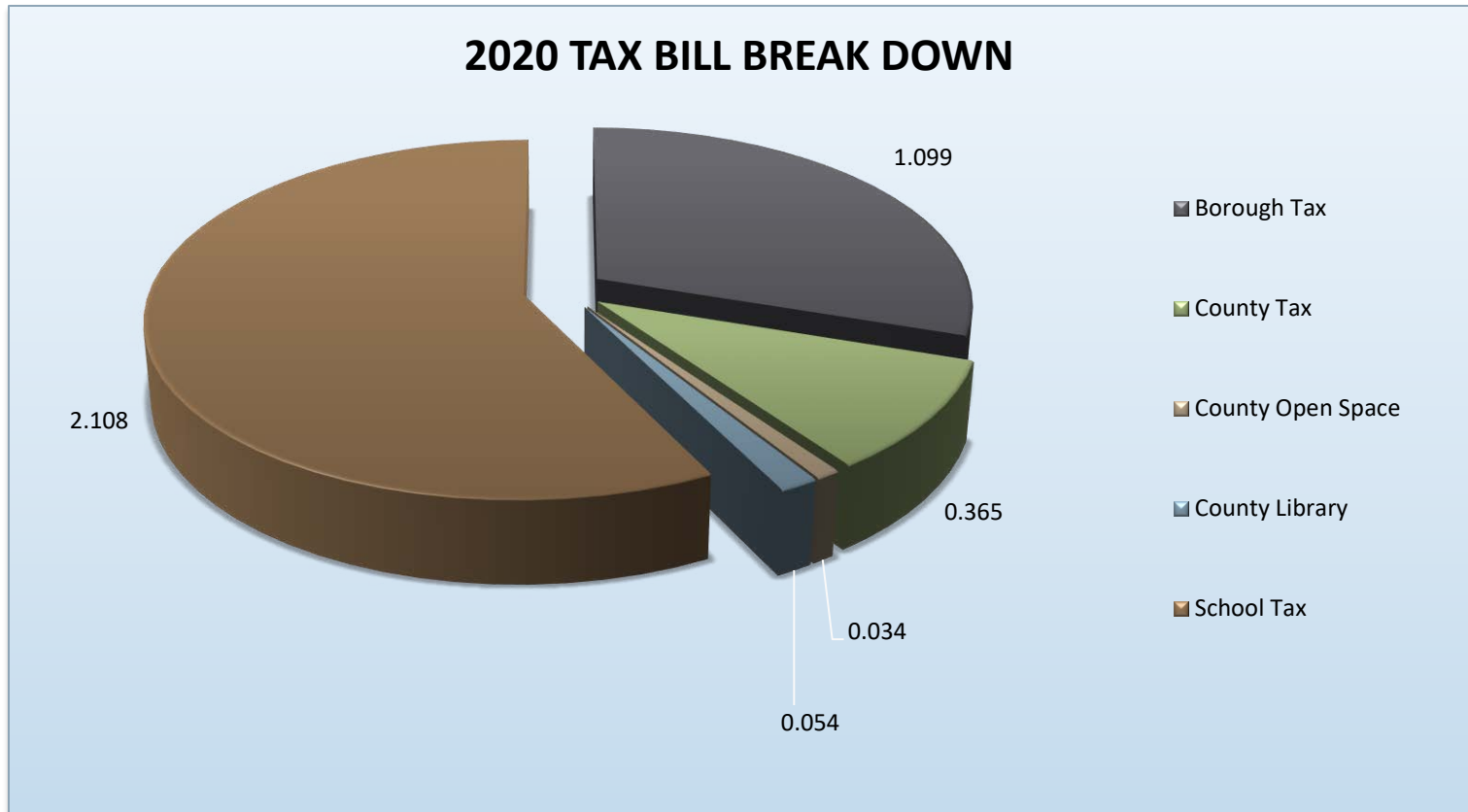
- Average Home  
\$274,000
- 2021 Municipal Portion  
of Tax Bill \$3,012
- A Municipal increase of  
approximately \$15.



# Last Seven Years

- 2014 = \$36.59
- 2015 = \$84.00
- 2016 = \$6.02
- 2017 = \$142.57
- 2018 = \$45.88
- 2019 = \$27.80
- 2020 = \$9.39
- 2021 = \$15.03

# 2020 Tax Bill Breakdown 2021 TBD



# Tax Collection

- The Borough collects the taxes for all public entities.
- The tax collection rate for 2020 was 98.51%





# Parking Utility

- 5<sup>th</sup> Year of utility
- Governing Body controls the utility
- Deck enforcement
- DSA producing a parking video



# Taking a quick look back at 2020 Parking Utility

## 2021 Revenue Anticipated

- Surplus \$227,500
- Meters \$283,000
- Permits \$19,000
- Impact Fees \$19,000
- Deck Contribution \$76,000

## 2020 Revenue Realized

- Surplus \$275,000
- Meters \$283,890
- Permits \$9,695
- Impact Fee \$19,200
- Deck Contribution \$76,000  
(Collected in 2021)

# Parking Utility – Appropriations

## 2021 Appropriations

- Salary & Wages \$180,000
- Operating \$422,500
- Pension \$12,000
- Social Security \$10,000
- Total \$624,500

# Sewer Utility

- Borough meeting all the requirements of the Administrative Consent Order
- 39 Manholes rehabilitation contract awarded
- Budget \$3,100,000
- Interlocal with Manville Borough for C2 Services
- T & M Associates serves as Sanitary Engineer

Sheets 31-33



# Capital Budget

- Roads \$436,000
  - Fairmont & Grant Ave Curbs Sidewalks.
- Various Roads \$608,000  
Grant offset \$400,000
  - Lisa Terr., Reimer St., Lori Dr., Lee Way
- Redevelopment \$100,000

## Other projects previously funded:

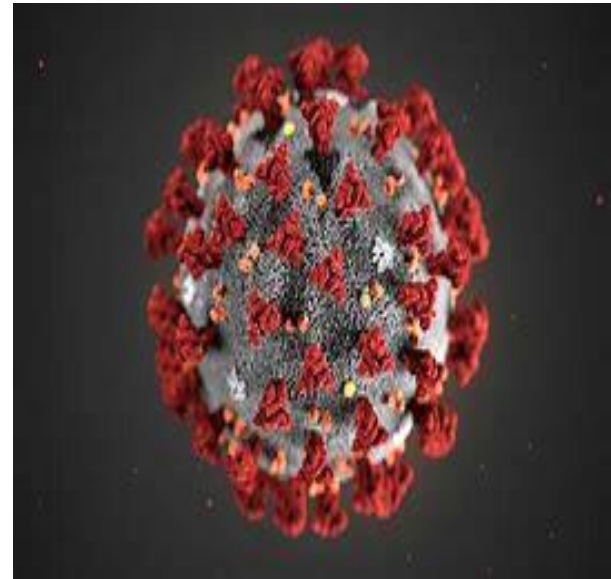
Davenport & Mercer Street

N. Middaugh



# COVID-19

- State DCA Grant provided for additional expenses in 2020
- Federal COVID-19 funds
- 2021 & 2020
  - Responding to pandemic
  - Pay eligible workers
  - Mitigate loss of revenue
  - Invest in public infrastructure



# QUESTIONS?

