

2023 MUNICIPAL BUDGET



Finance Committee

- Granville Brady, Chairperson
- Fred Wied V, Vice Chair

- Staff
- Kevin Sluka, Administrator
- Paige Elster, CFO & Tax Collector

Budgets

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

2023 Current Fund Anticipated Revenues

(Sheet 4 – 6)

◦ Court	\$ 160,000
◦ Fees & Permits	\$ 145,000
◦ Recreation	\$ 25,000
◦ Construction Code	\$ 600,000
◦ NJ State Aid	\$1,487,250
◦ Garbage Decals	\$ 22,000
◦ Interest on Investments	\$ 72,000
◦ Library Hosting fees	\$ 12,898
◦ Licenses	\$ 75,000
◦ Interest & Costs on Taxes	\$ 125,000
◦ Fire Safety Fees	\$ 120,000
◦ Cable Franchise Fees	\$ 120,000

Payment in Lieu of Taxes “PILOT” & Contributions

PILOTS that are being anticipated in 2023 Budget (Sheet 10)

- Edge - \$460,000
- Cobalt- \$210,000
- 6 N. Doughty - \$31,000
- SOMA- \$100,000
- Commons-\$50,000
- Davenport-\$24,000
- Parcview-\$200,000
- Station House- \$190,000
- Avalon Bay \$600,000
- Pulte Homes \$480,000

Other contributions

- RWJ- Bed Tax -\$345,000
- Kavanaugh Bldg-\$145,000
- 1 Mountain Ave.-\$99,000
- Rent – Solar Farm – \$9,000
- Reserved ERGG Contrib. \$430,000
- RWJ- Airspace (Steeple Chase)-\$225,000

*PILOTS in blue represent new revenue

Payment in Lieu of Taxes “PILOT” & Contributions

- Total PILOT revenue anticipated in 2023 budget is \$3,589,000
- In 2022 Development PILOTS generated almost \$339,000 more than if taxed by conventional taxation.

Understanding “PILOTS”

- Borough receives a negotiated percentage of gross revenue of the development .
Regulated by law.
- County receives 5% of the PILOT, as per law.
- By state statute 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 BOE receives 100% of its adopted budget.

Fund balance is used to support the Operating and Capital budgets....

- Revenues realized above the amount anticipated is surplus. The Borough can use surplus funds in the following year to support the current fund operating budget.
- \$2,750,000 in surplus is being used to support current fund operating expenses for 2023
(Sheet 4)
- \$500,000 in surplus is being used for the capital improvement fund to support and fully fund road projects for 2023 (Sheet 26)

Statutory Employee costs

- Statutory Expenses (Sheet 19)
 - Social Security \$240,000
 - PERS \$ 397,209 (\$50,000 from Utilities)
 - PFRS \$1,431,169
 - DCRP \$3,000

TOTAL \$2,021,378

Utilities (Sheet 17)

- Street Lighting \$290,000
- Fire Hydrant Fees \$160,000
- Telephone \$104,000
- Water \$45,000
- Electricity \$260,000
- Gasoline \$140,000



2023 Insurance (sheet 14)

- Employee Group
\$1,370,000
- Other Insurance
Premium
\$1,006,000
- Dental \$75,000
- Waivers \$45,000



Look inside the Debt Service (Sheet 27)

Total Debt Service for
2023 is \$2,702,181
consisting of;

Bond Principal \$1,740,000

Bond Interest \$514,560

BAN Interest \$66,415

I-Bank principal \$225,200

I-Bank Interest \$26,900

SCIA Principal \$109,440

SCIA Interest \$20,226



Operational Expenses (Sheet 17a)

- Salary and Wages
\$7,298,000
- Other Expenses
\$7,774,150



GRANTS

Offsetting Revenues/Appropriations

Sheet 25

**New Grants In 2023 total
\$1,305,135**

- American Rescue Plan Act (ARPA) Civic Center/Public Shelter equipment and outfitting \$1,262,617
- Opioid Education Settlement Grant \$19,017
- Recycling Tonnage Grant \$12,473
- Body Armor Grant \$2,326
- Youth Services Grant \$5,000
- DMHAS Youth Leadership \$3702

2022 Grants received after adoption which are being implemented in 2023

- Lepp Pool Renovation Grant \$375,000
- NJUCF Tree Planting Grant \$137,210
- Chambres Park Improvement \$2,541,600
- Daniel Robert House (Boro Hall) Renovations exterior \$218,907
- HDSRF Solar Farm Phase II \$3,000,000

2023 Cost Impacts

- Continued contract negotiations with PBA/SOA
- 21.6% increase to health benefits
- 10.9% increase to Police pension
- 5.5% increase to PERS pension

What is new....

- \$1,495,000 additional PILOT revenue in 2023
- Civic Center/Public Shelter ARPA Grant funding
- Emergency Services Facility – construction has begun
- Sale of sewer system to American Water – closing in September 2023 \$7,000,000

Understanding the Budget

- Appropriation – Revenues = Taxation
- \$24,073,244 - \$11,017,283 = \$13,055,961

How does that translate to property taxes?

What does it mean to you?

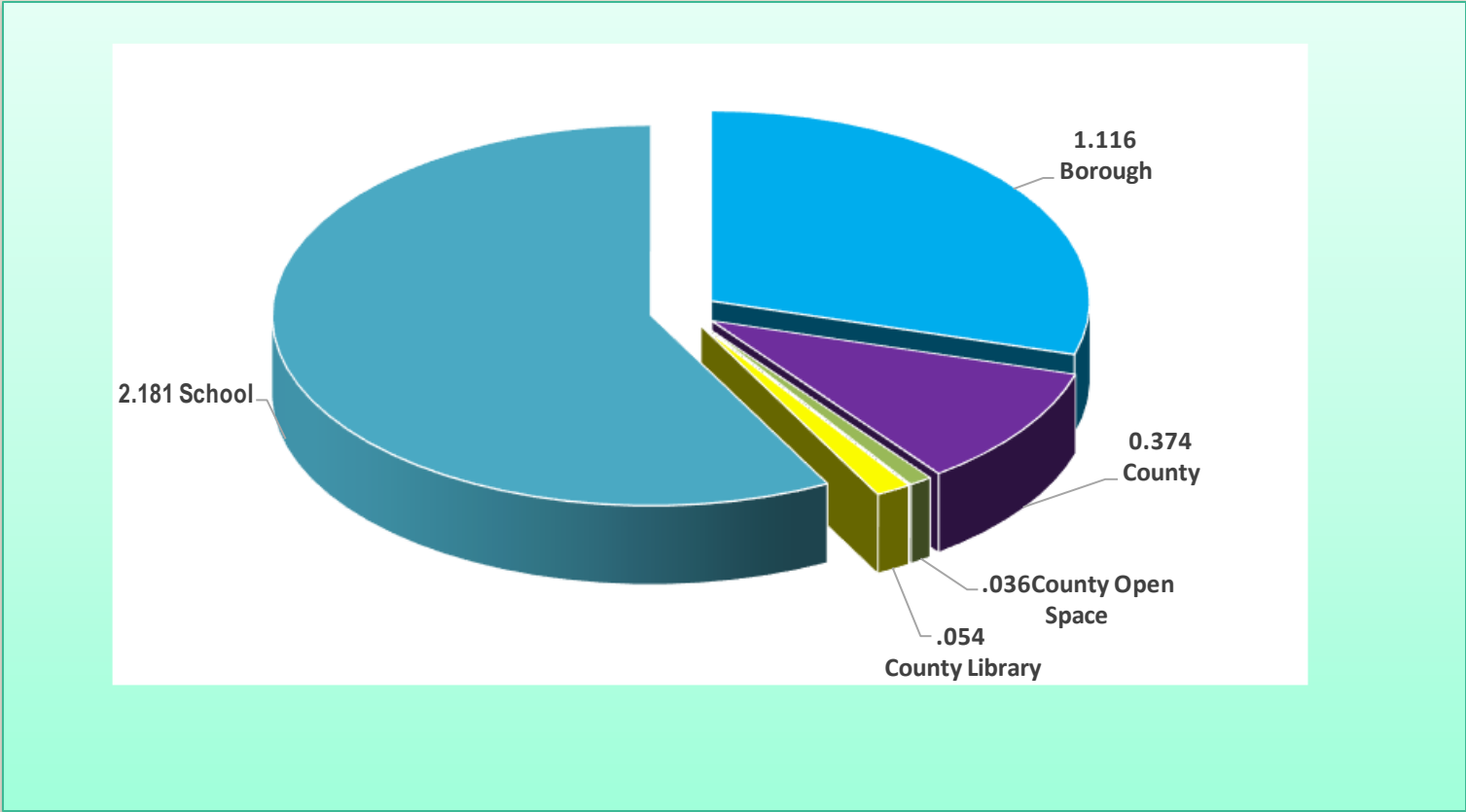
- Average Home
\$275,000
Residential Net Taxable value
733,138,500 Divided by
#of Residential Parcels 2664
Calculates \$275,202 avg. home
- 2023 Municipal Portion of Tax
Bill \$3,088.05
- A Municipal increase of
approximately \$20.62



Tax Increase Last Ten 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
- 2022 = \$31.41
- 2023 = \$20.62

2022 Tax Bill Breakdown



Tax Collection

- The Borough collects the taxes for all public entities.
- The tax collection rate for 2022 was 98.7%



Parking Utility (Sheet 31-32b)

- 7th year of utility

Total Budget \$891,000

- Revenues:
- Meters \$525,000
- Permits \$15,000
- Deck fees \$30,000
- Deck Contribution \$76,000
- Impact fees \$50,000
- Miscellaneous \$5,000



- Appropriations:
- Salaries \$230,000
- Other Expenses \$501,000
- Capital Improvement fund \$125,000
- Statutory Expenditures \$35,000

Sewer Utility

Total Budget (9 months)* \$2,690,528

- Revenues \$2,565,528
- Surplus \$125,000

Sheets 31-33

- Salaries & Wages \$142,500
- Other Expenses \$ 222,500
- Statutory Expenses \$36,000
- SRVSA \$2,100,000
- Debt payments \$87,000
- Fund Ordinance \$102,528

*Sale to American Water closing September 30,2023

2023 Capital Budget

- Roads \$1,368,800
 - Rehill, Culver, East Cadillac, Safe Streets to Transit (DOT 793,800; Trust Fund 116,500 & CIF 500,000)
- Curbs and Aprons \$100,000
- West End Hose Roof Replacement \$60,000
- Renovations to the Exterior of Borough Hall \$140,000



Paper copies of this budget and related documents are available by contacting the Borough Clerks' office at 908-725-2300 between the hours of 8:30am – 4:30pm Monday – Friday.

The budget can also be viewed online @
Somervillenj.org/finance

Please email questions to
councilmeeting@somervillenj.org

Questions will be addressed at the public hearing on May 1st.

QUESTIONS?

