



MUNICIPAL BUDGETING



- Govern Within the Context of Municipal Budgeting
- Wrestling the Reality of High Taxes
- Facts Matter When Facing Tough Choices
- “Need Good Information to Make Good Decisions”



10-YEAR TAX HISTORY



West Orange has had the
Second **LOWEST Municipal Tax
Increases** of any of the 22
Municipalities **in Essex County
since 2008**

-New Jersey Division of Local Government Services



ESSEX COUNTY TAX COMPARISON



60% of Municipalities in Essex County **Pay MORE in Municipal Taxes** per Average Household **than Residents in West Orange**

-New Jersey Division of Local Government Services



ESSEX COUNTY TAX COMPARISON



**NO Essex County Has
Lowered Municipal Taxes in
Last Four Years**



BUDGET = SERVICE RESPONSIBILITIES



SERVICES

More than **47,000 Residents** Residing
in Approximately **14,000 Households**

Provide Service to **496 Commercial
and Industrial Property Owners**

MAINTENANCE

Approximately **100 Miles of
Roadways and Sewers** within a
12.2 Square-Mile Area

Approximately **100 Acres of Parkland
and Township-owned Properties**

24 HOURS PER DAY & 365 DAYS A YEAR

TOWNSHIP OF WEST ORANGE



- Challenges Compared to Neighboring Communities
- Paid Fire Department
- Historically Providing Unique Services
- Overwhelming Reliance of Residential Property Tax Base
- Residential Properties Represent More than **83% of Tax Base**

ESSEX COUNTY RESIDENTIAL TAX BASE



Belleville	82.3%	Millburn	82.3%
Bloomfield	84.8%	Montclair	89.7%
Caldwell	87.3%	Newark	51.9%
Cedar Grove	84.3%	North Caldwell	96.7%
East Orange	84.5%	Nutley	85.4%
Essex Fells	96.9%	Orange	74.9%
Fairfield	44.8%	Roseland	62.0%
Glen Ridge	92.0%	South Orange	92.3%
Irvington	75.3%	Verona	89.4%
Livingston	83.8%	West Caldwell	70.0%
Maplewood	90.3%	WEST ORANGE	83.4%

WHAT IS INCLUDED IN MUNICIPAL TAXES?



PUBLIC LIBRARY



JITNEY SHUTTLE



SNOW REMOVAL



SHREDDING SERVICES



GARBAGE REMOVAL



SINGLE-STREAM
RECYCLING



RECREATION PROGRAMS



FIRE DEPT



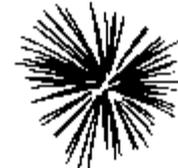
POLICE



LEAF REMOVAL



SENIOR SERVICES



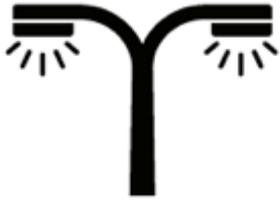
JULY 4TH FIREWORKS

SERVICES DETAILS COMPARISON



WEST ORANGE												
MONTCLAIR												
SOUTH ORANGE												
VERONA												
MAPLEWOOD												
LIVINGSTON												
ROSELAND												
ORANGE												
MILBURN												

HOW MUCH DOES THAT COST?



Street Lighting: **\$650,000**



Snow Removal: **\$951,450**



Gasoline: **\$413,460**



Fire Hydrants: **\$650,000**



Township Vehicles: **207**



Crossing Guards: **\$554,526**

QUANTITY vs. QUALITY



- Twice Weekly Garbage Pick-Up
- Unlimited Bulk Pick-Up



- Full Time Senior Citizen Transportation
- Senior Citizen Activities Coordinator

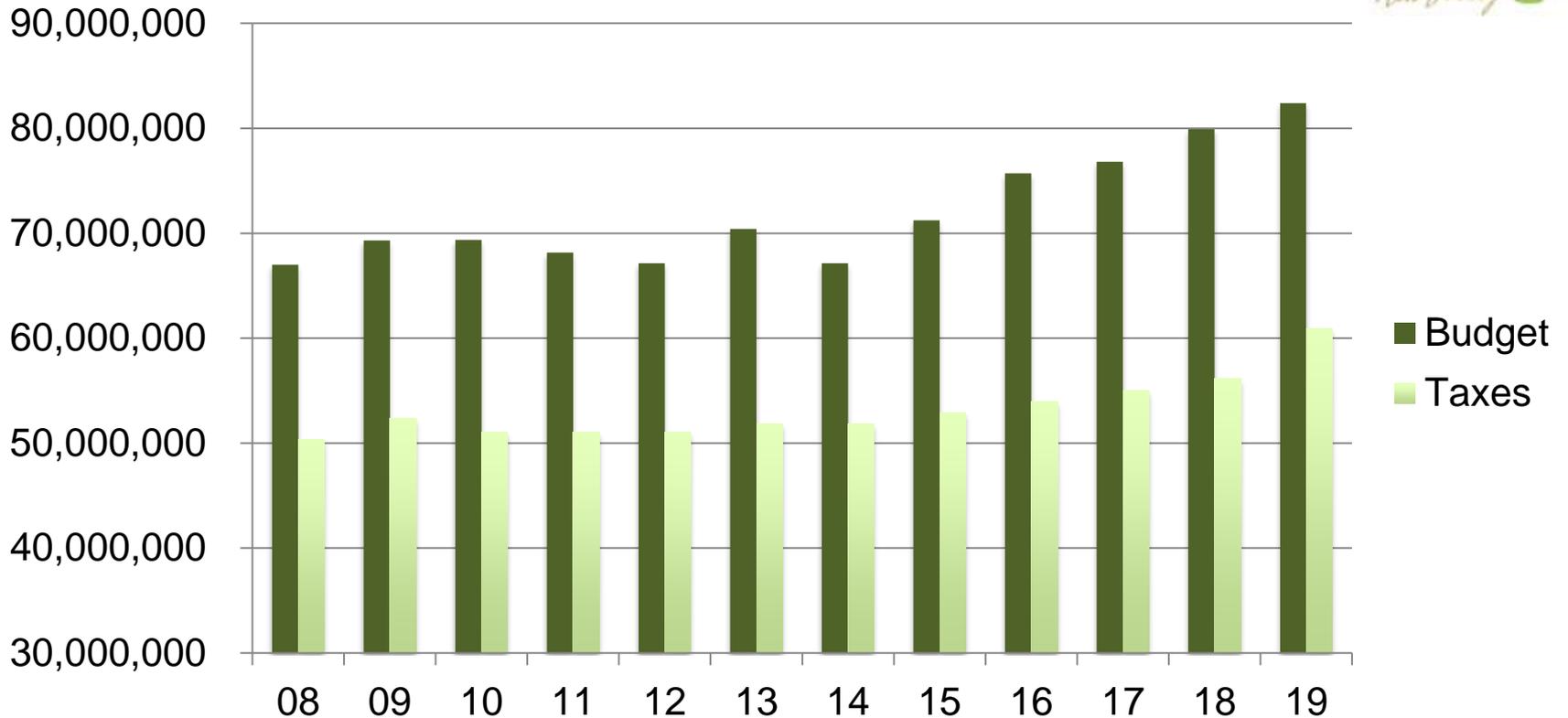


- Curbside Co-Mingled Recycling
- Environment Center

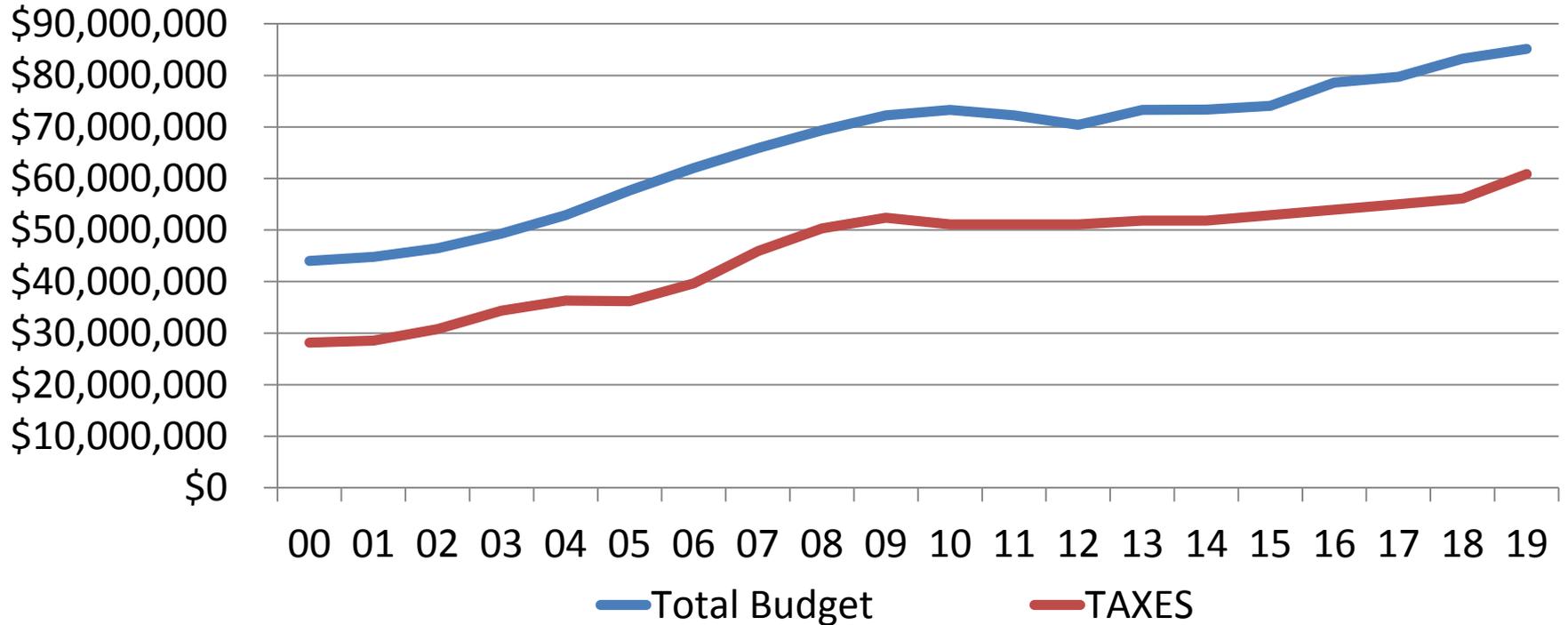


- Six (6) **FREE** Jitney Shuttle Routes

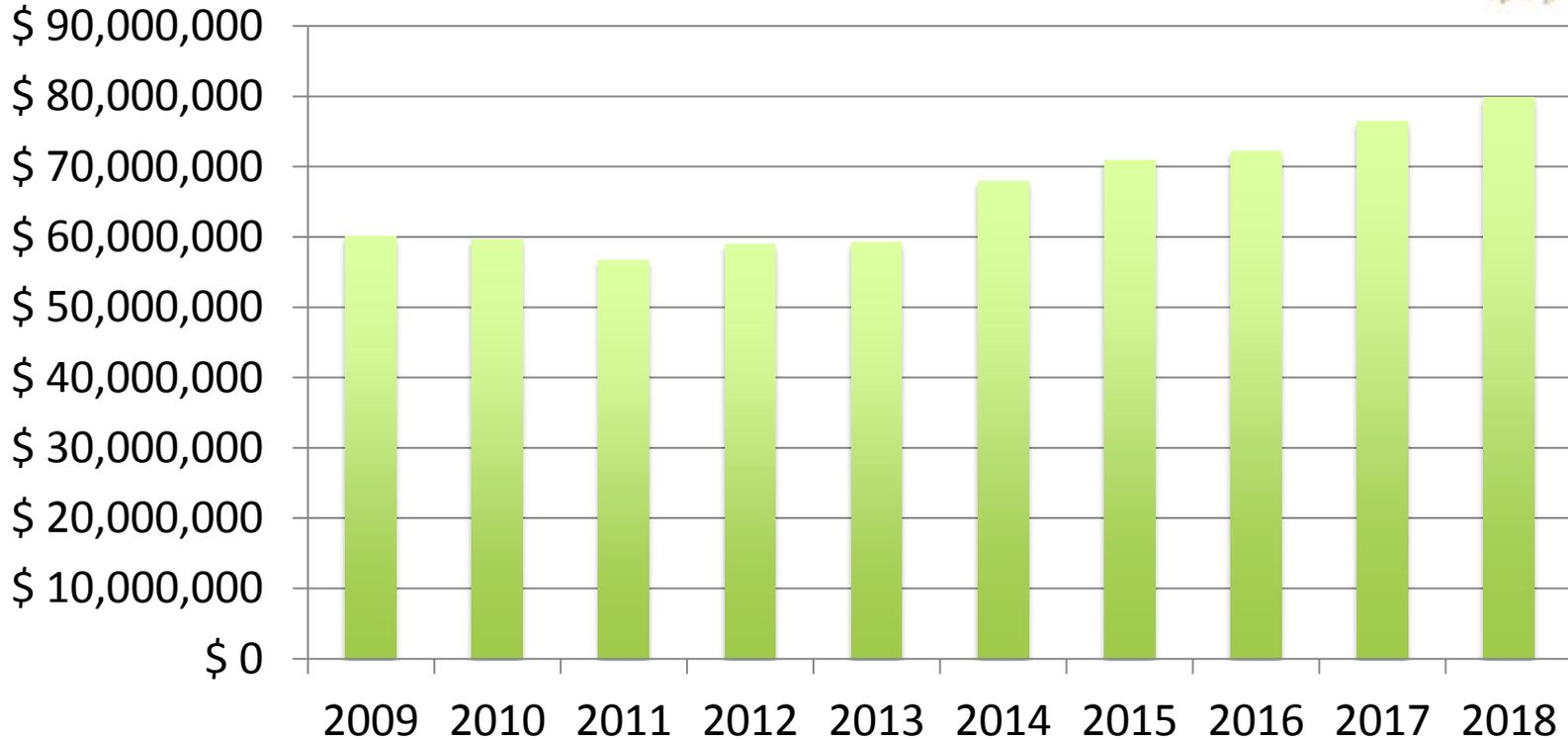
TOTAL BUDGET vs. TAXES



TOTAL BUDGET vs. TAXES



TOWNSHIP BONDED DEBT



“WHAT HAVE WE DONE LATELY?”



- Paved 26 Miles of Roads
- 2 New Fire Trucks
- Refurbished Multiple Ambulances
- Ginny Duenkel Pool Improvements
- New Skate Park
- Valley Police Substation
- Gregory School Bus Lane
- Kelly School “Kiss & Go” Lane
- Created Ridgeway Park
- Public Works Vehicles
- Police Cameras
- Pleasantdale Parking Lot
- Four New Shuttle/Jitney buses
- Added Shuttle/Jitney Route
- Improvements to Township Parks
- Pump Station Improvements
- Main Street Redevelopment
- New Track & Field at WOHS
- Improved Township Website
- Township Drainage Repairs
- Improvements & Repairs to Public Buildings
- Library Facade Repair
- Tax Revaluation (\$1.45 Million)

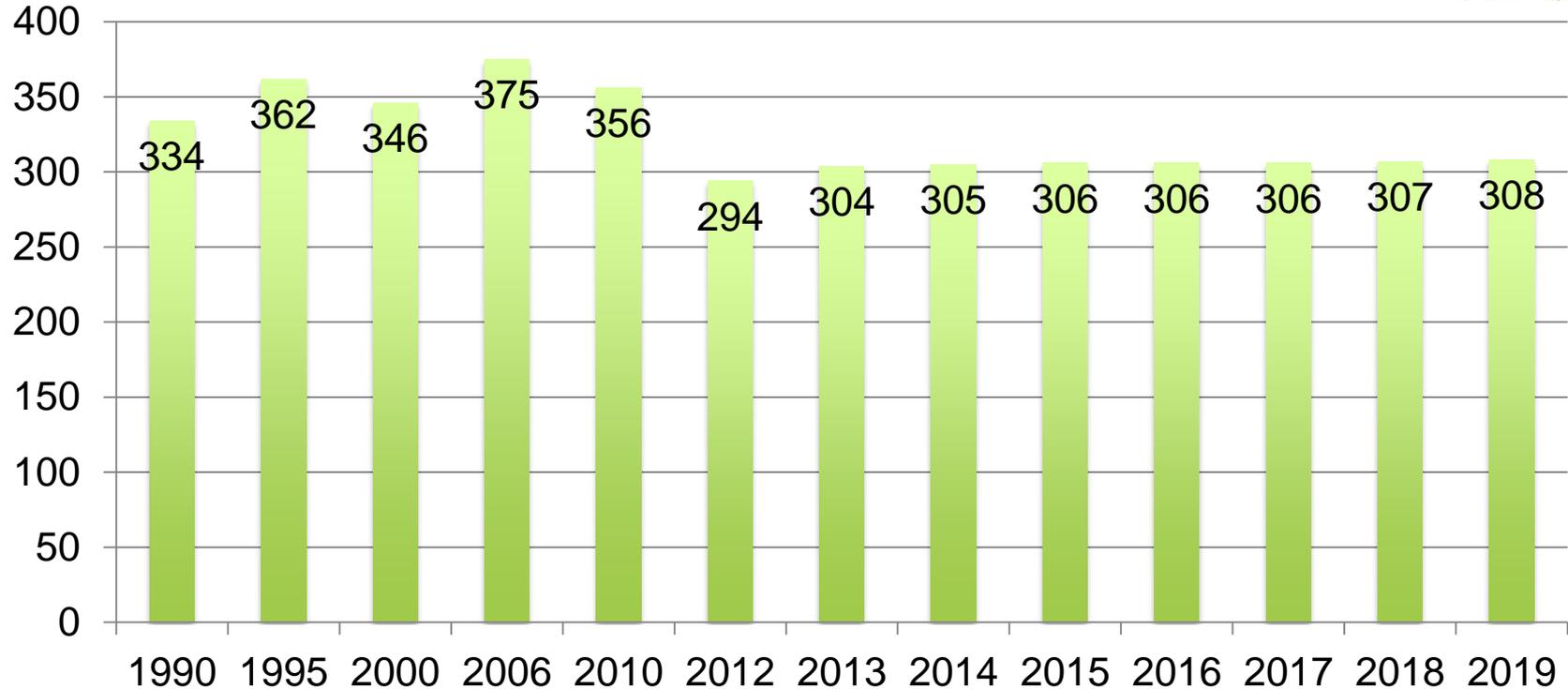
ROCK SPRING GOLF CLUB



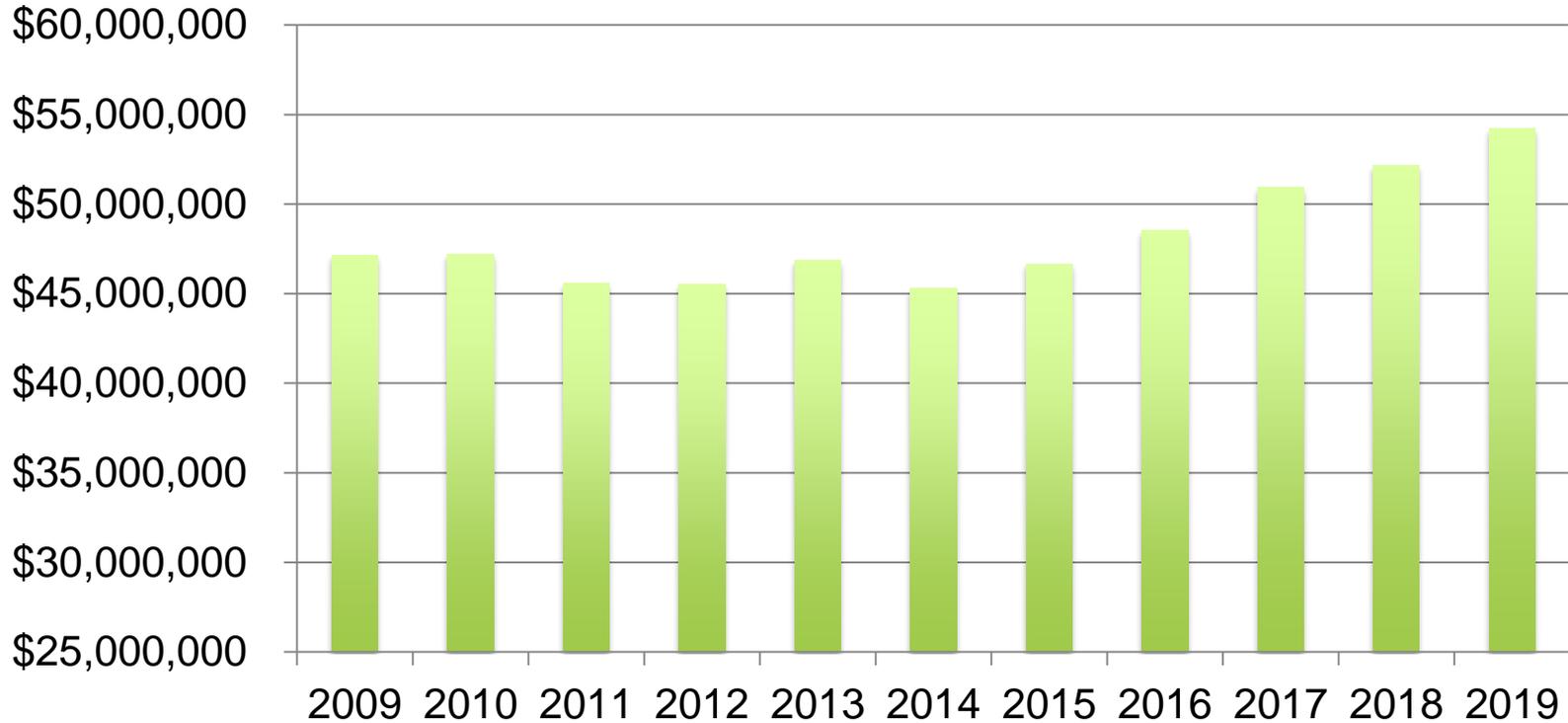
ROCK SPRING GOLF CLUB at WEST ORANGE

is Not Included in this Total and has **NO** Financial
Impact on the 2019 Budget

NUMBER OF FULL-TIME EMPLOYEES



TOTAL PERSONNEL COSTS



TOTAL PERSONNEL COSTS



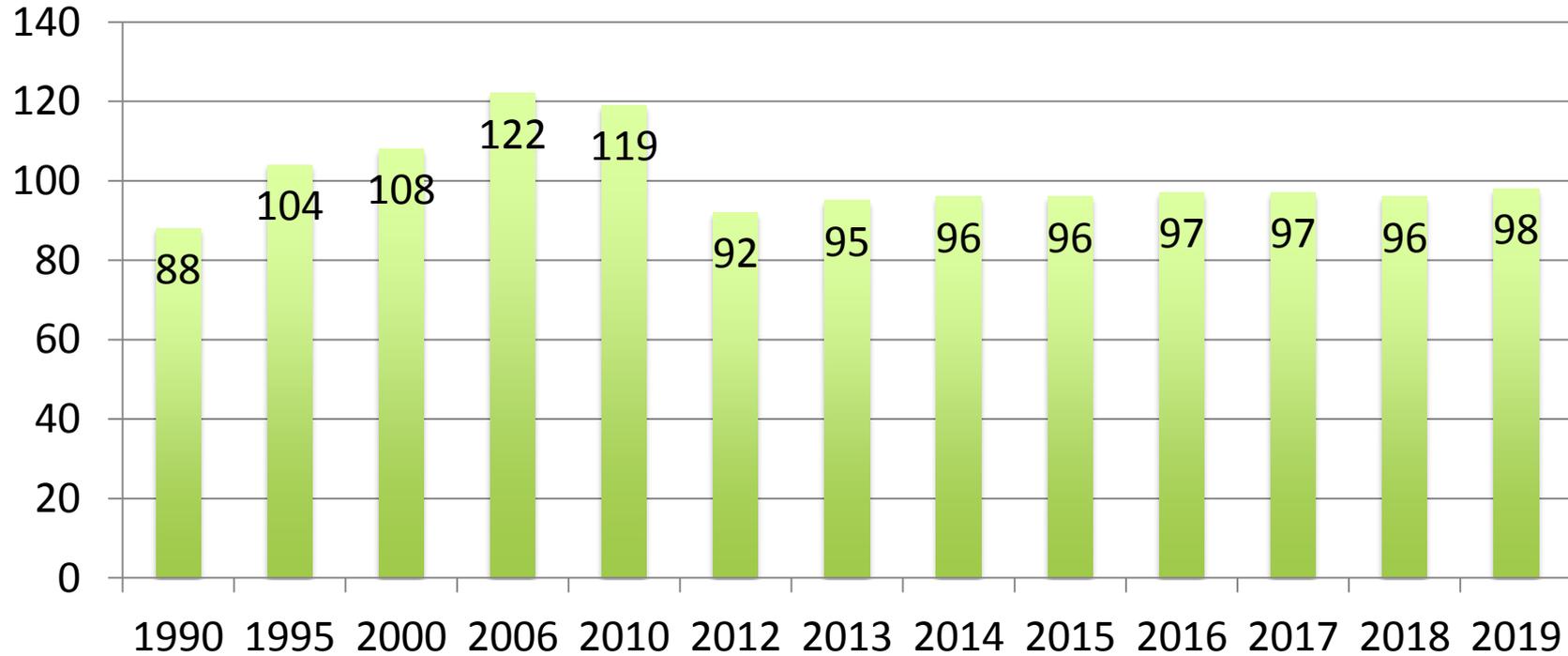
- From 2014 – 2019:
 - **Only 3 Additional Employees**
 - **\$8,927,056 Increase in Personnel Costs**
- Average Annual Employee Cost
 - **2014: \$148,480.00**
 - **2019: \$176,017.00**
 - **18.5% Increase**

TOTAL PERSONNEL COSTS

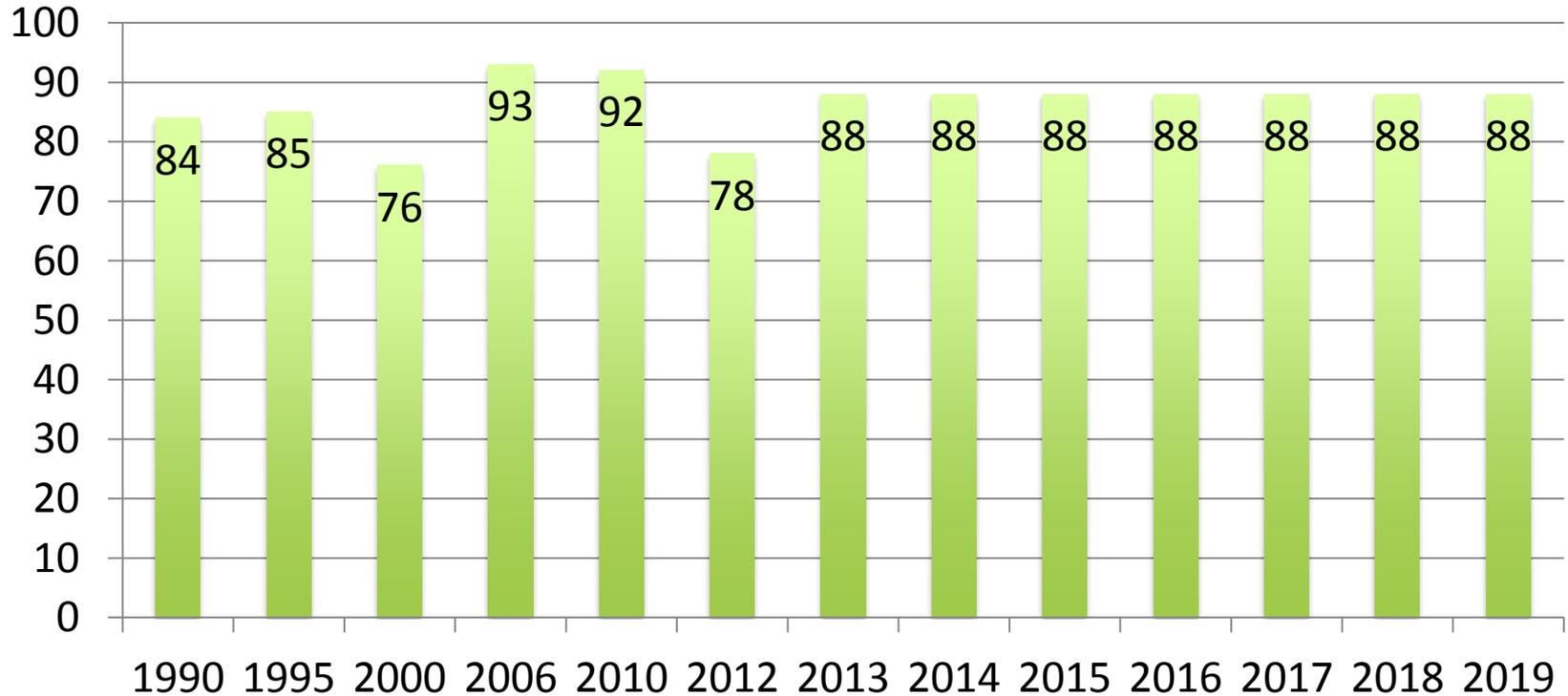


- From 2010 – 2019:
 - **48 Less Employees**
 - **\$7,012,226 Increase in Personnel Costs**
- Average Annual Employee Cost
 - **2010: \$132,587.00**
 - **2019: \$176,017.00**
 - **32.75% Increase with 48 Less Employees**

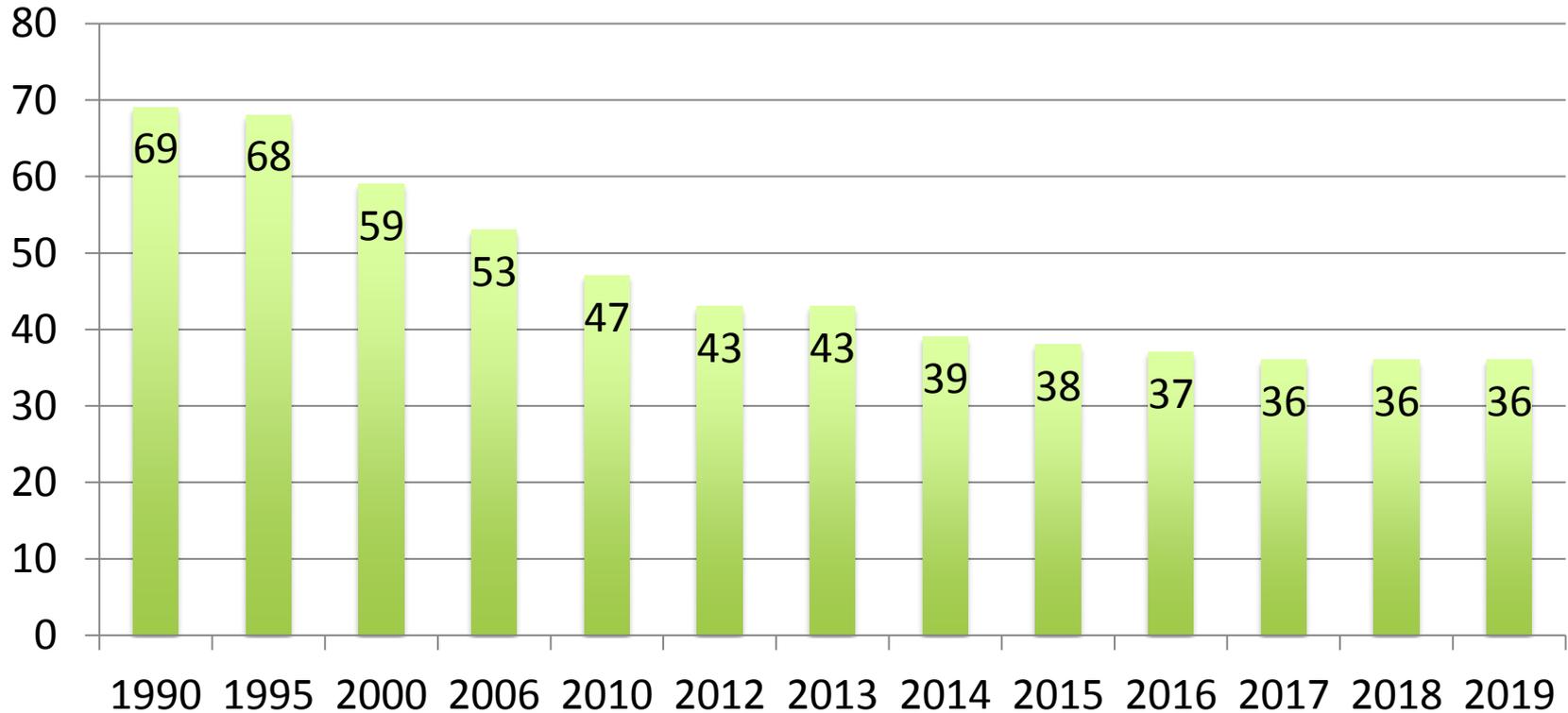
EMPLOYEES: POLICE DEPARTMENT



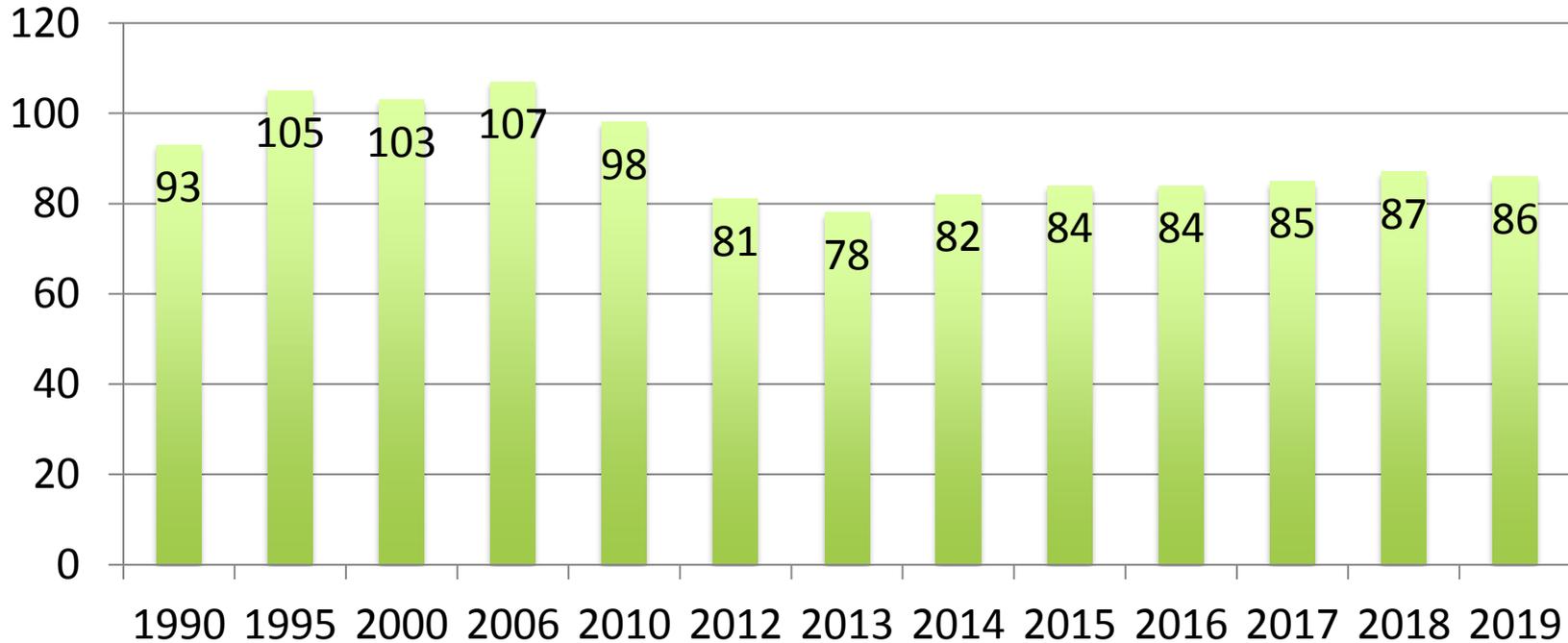
EMPLOYEES: FIRE DEPARTMENT



EMPLOYEES: PUBLIC WORKS/ENGINEERING



EMPLOYEES: NON-UNIFORMED



POTENTIAL EMPLOYEE COSTS



- From 2006 – 2019 : **67 Fewer Employees**
- Average Salaries, Benefits & Pension Costs Would Equate to an Additional **\$11.4 Million Dollars** in our Operating Budget
- Making Current Municipal Taxes **13.3% Higher**
- Unfunded Annual Future Liabilities of **\$2.5 Million Dollars**

CHALLENGES MEETING OBJECTIVES



- Government Mandates
- Employee Contractual Obligations
- Substantial Decreases in Revenue
- Yearly Appropriation Increases
- Maintaining Affordable and High Quality Services

GOVERNMENT MANDATES



- Federal Social Security
- State Pension Payments
- State Library Funding
- Other Operational Requirements

EMPLOYEE CONTRACTUAL OBLIGATIONS

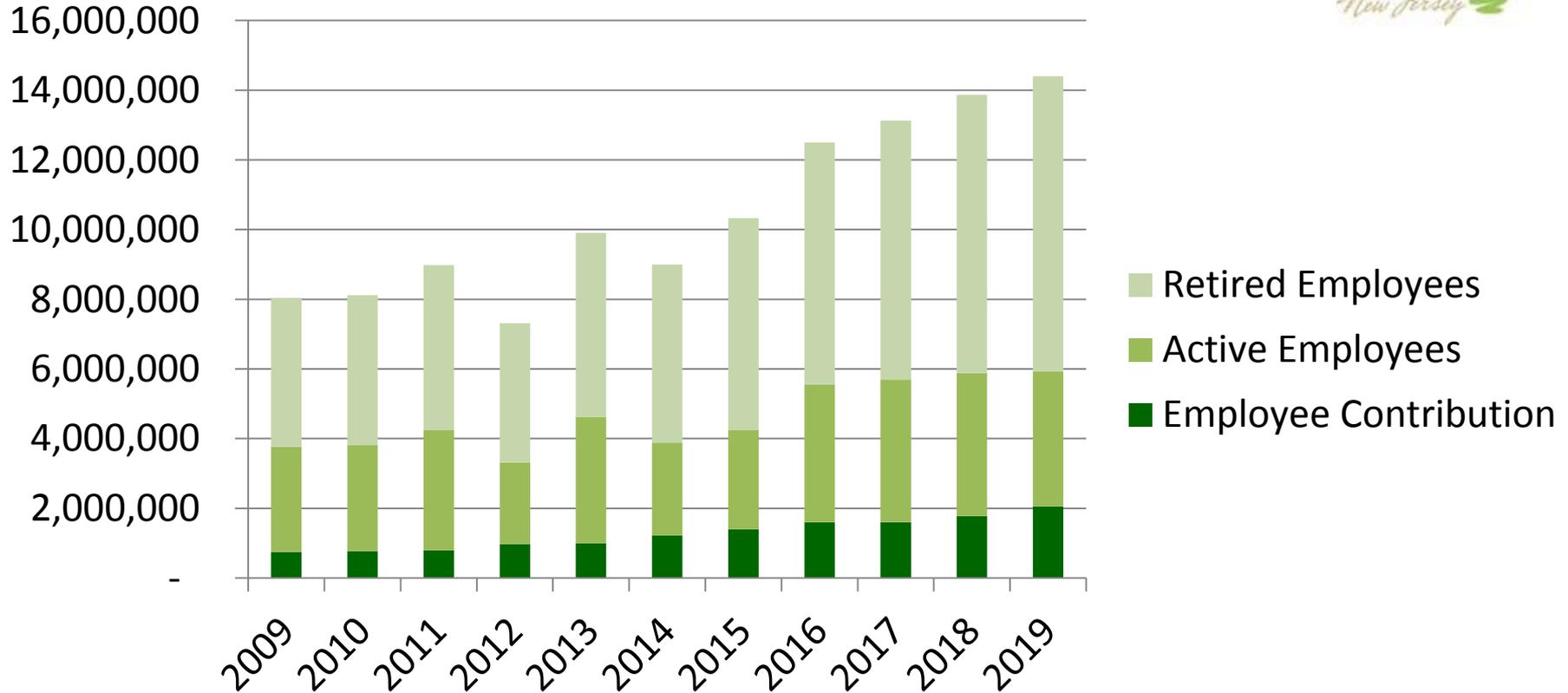


- Active Employee Medical Benefit Payments
- Retiree Medical Benefit Payments
- Annual Clothing Allowance Payments
- Annual Paid Time Off
 - (Vacation, Sick, Holidays, Personal Days, Comp-Time)
- Retiree Accrued Time Payouts

EMPLOYEE PENSION COSTS

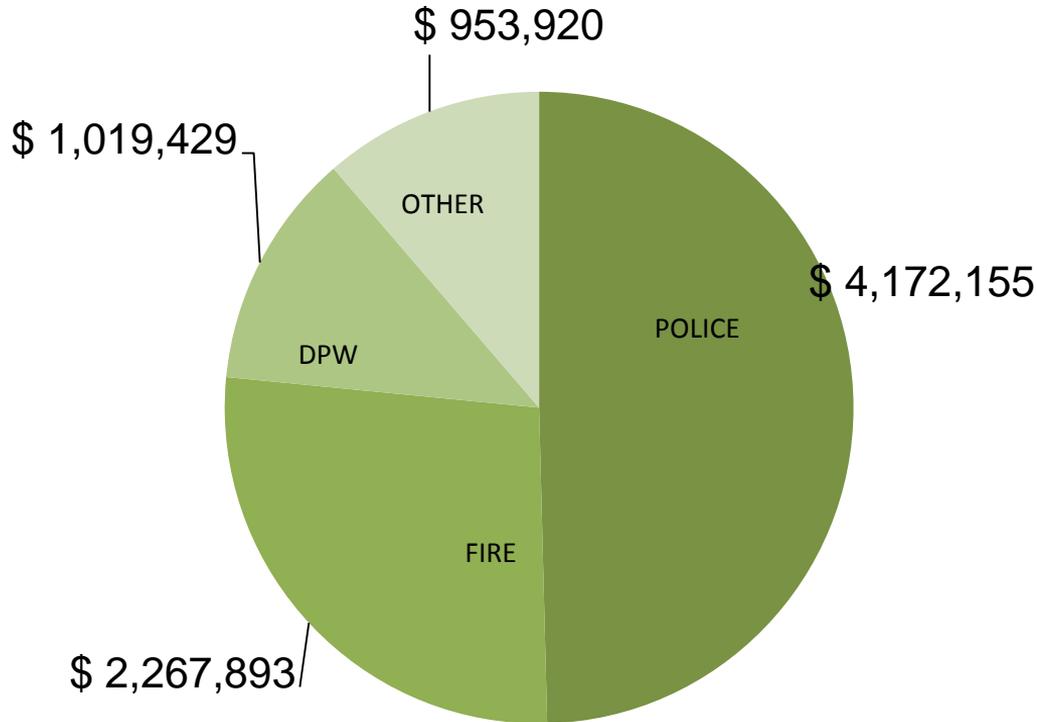


EMPLOYEE MEDICAL BENEFIT COSTS



VALUE OF UN-COMPENSATED ABSENCE LIABILITY

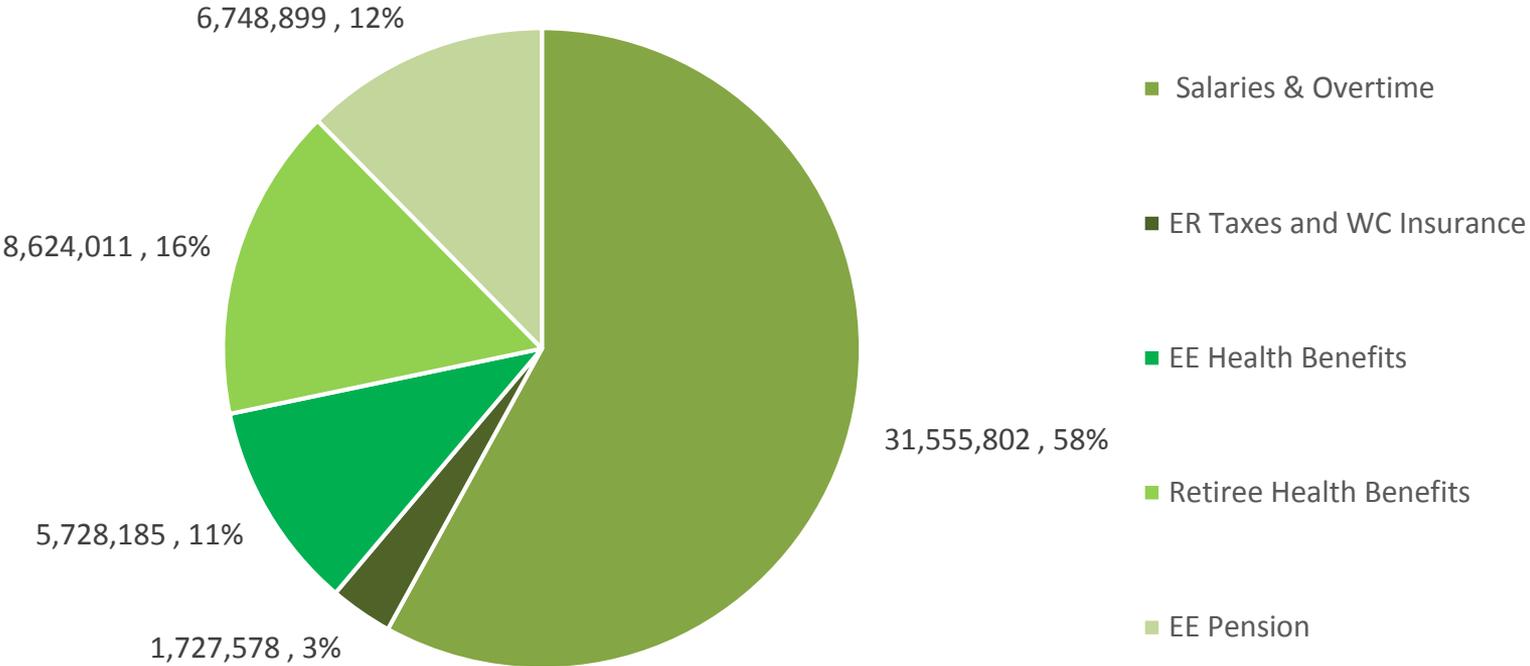
Down 14% Over the Last 5 Years!



Total
\$8,413,396

- Police Department
- Fire Department
- Public Works and Engineering
- All Other Departments

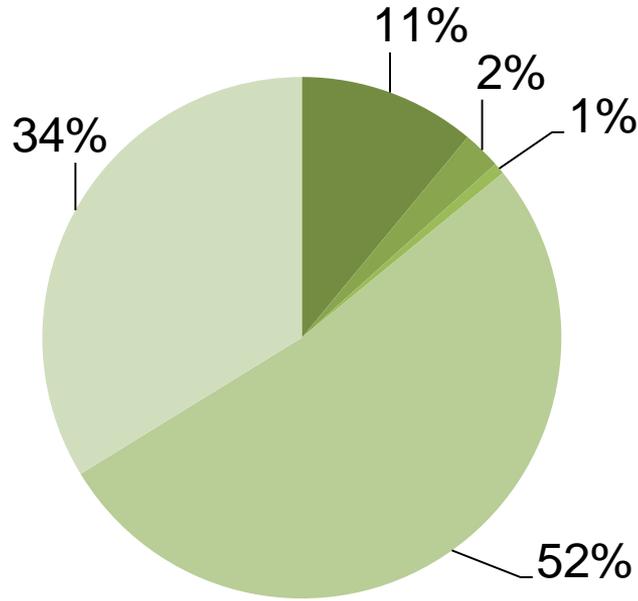
Personnel Cost Breakdown



2002 vs. 2019 BUDGET COMPARISON

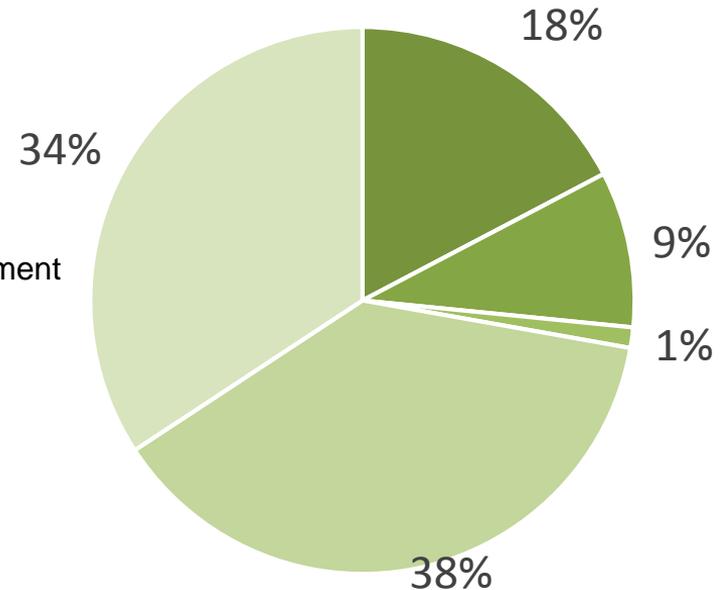


2002



14% Employee Benefits Related Costs

2019

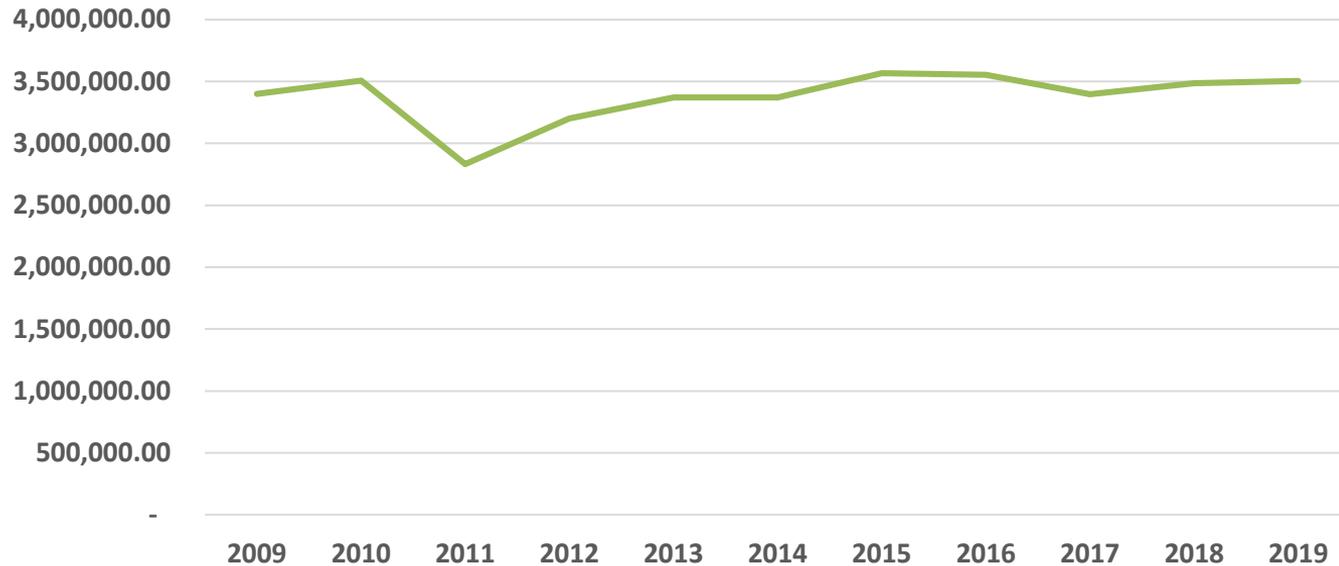


28% Employee Benefits Related Costs

Controllable Operating Expenses



Controllable Budget Lines



UNCOLLECTED TAXES & TAX APPEALS



- Municipality utilizes 26% of tax dollars but funds **100% of uncollected taxes**
 - Essex County and BOE collects 100% of approved budgets regardless of uncollected taxes or lost tax appeals
 - 2019 fund for uncollected taxes: **\$2,757,819.43**
- Municipality utilizes 26% of tax dollars but funds **100% of Lost Tax Appeals**
 - 2010-2019 Funding for Tax Appeals: **\$12,198,352**

ANNUAL BUDGET CHALLENGES

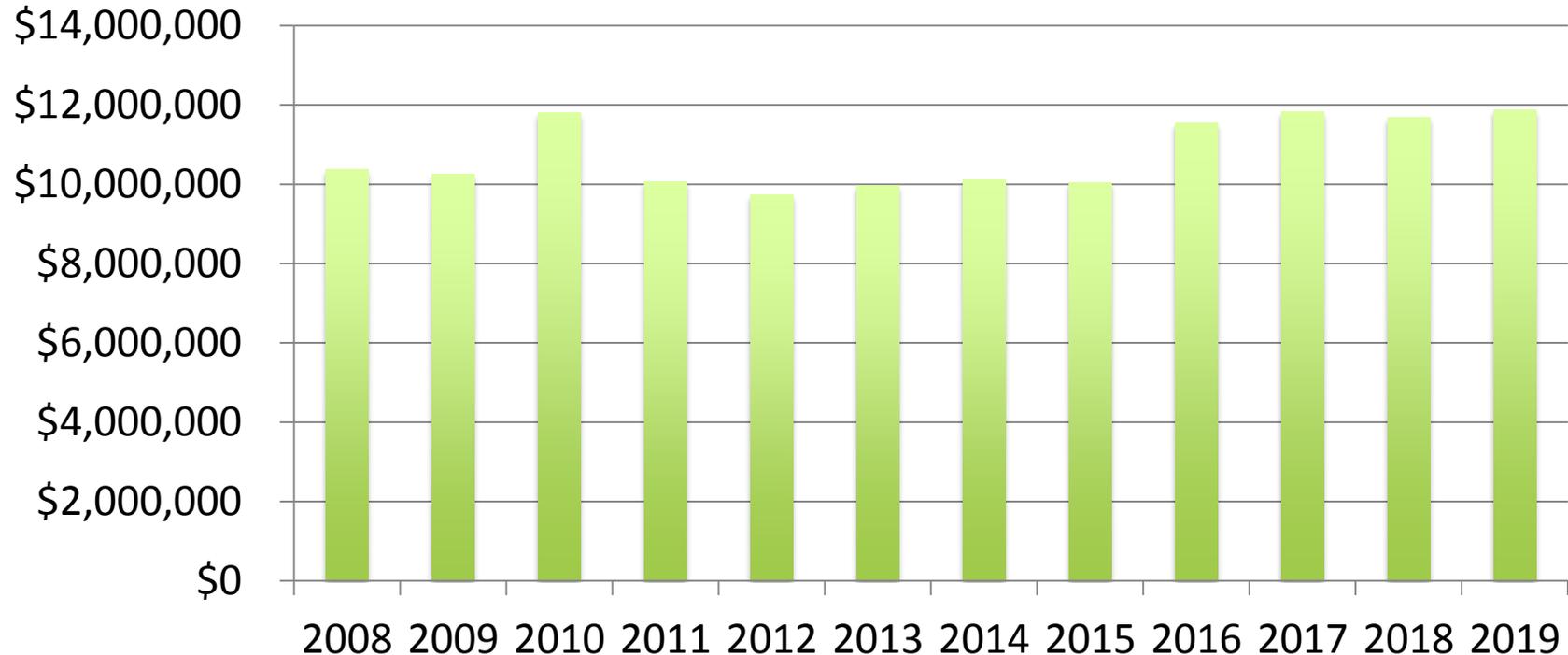


- Cost of Core Expenses Increasing Faster than Recurring Revenues
- Ongoing Imbalance Between Recurring Revenues & Recurring Expenditures
- Contractual Obligations for Future Expenses Remain Unfunded
- Small & Large Expenses Reliance on Taxation
- Reduction in State Aid & Grants

MISCELLANEOUS REVENUES



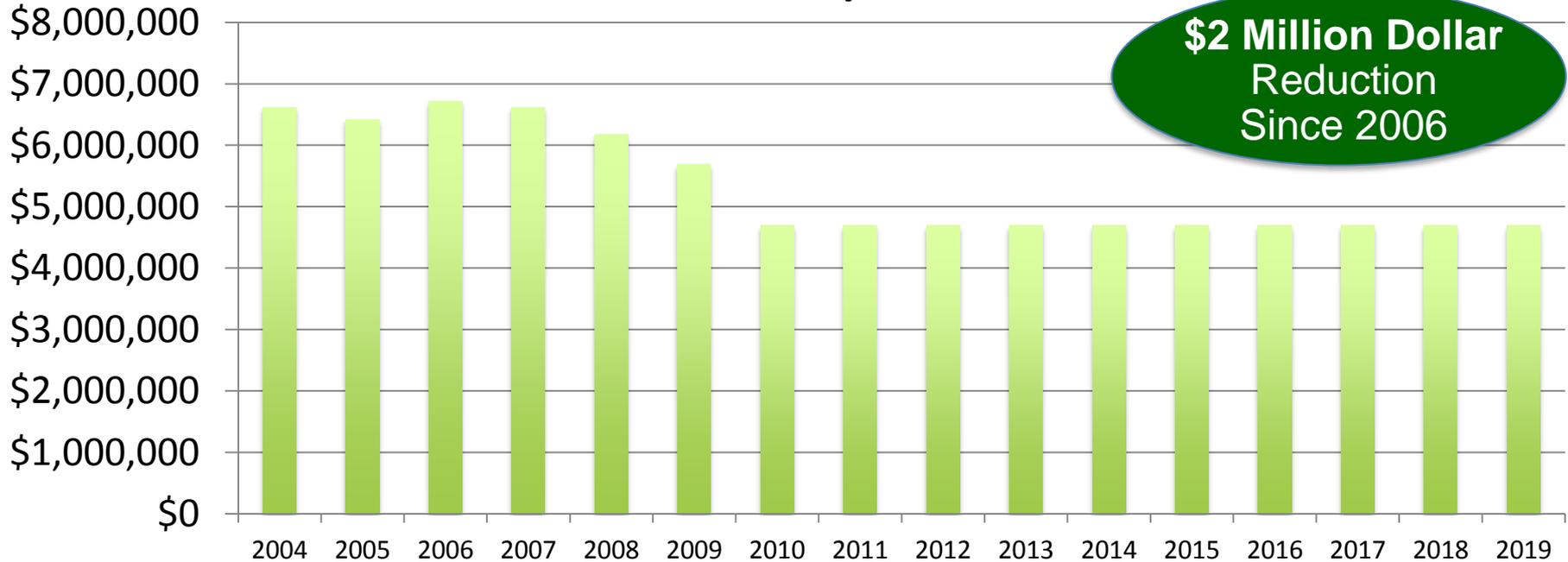
(Permits, Fees, Fines, Grants, Interest)



NEW JERSEY STATE AID



15 Year Comparison



**\$2 Million Dollar
Reduction
Since 2006**

ESSEX COUNTY TOWNS - STATE AID



Essex Fells	\$ 200,774.00 (3.2%)	Millburn	\$ 2,396,159.00 (4.1%)
Glen Ridge	\$ 399,541.00 (2.8%)	Nutley	\$ 2,647,630.00 (4.7%)
North Caldwell	\$ 457,984.00 (5.1%)	Livingston	\$ 2,966,460.00 (6.7%)
Caldwell	\$ 686,875.00 (5.3%)	Montclair	\$ 2,967,066.00 (3.4%)
Roseland	\$ 837,731.00 (5.6%)	West Orange	\$ 4,696,469.00 (5.6%)
Cedar Grove	\$1,048,629.00 (6.9%)	Bloomfield	\$ 6,375,132.00 (7.7%)
Verona	\$1,159,622.00 (4.9%)	Belleville	\$ 6,432,564.00 (9.9%)
Fairfield	\$1,185,342.00 (5.3%)	Orange	\$ 8,372,797.00 (11.7%)
West Caldwell	\$1,310,432.00 (6.5%)	Irvington	\$ 11,641,169.00 (10.5%)
South Orange	\$1,456,861.00 (3.9%)	East Orange	\$ 22,117,676.00 (15%)
Maplewood	\$1,834,693.00 (4.1%)	Newark	\$108,721,117.00 (15.8%)

CREATIVE REVENUE SOURCES



Hotel Tax
\$515,311



Ambulance Billing
\$1,243,242



Cell Towers
\$153,255



Recycling Center
\$86,666

STRATEGIES TO CLOSE NJ TAX GAP



- Negotiate Additional Union Concessions
- Privatization of Services
- Reduction of Workforce Through Attrition and Layoffs
- Create Additional Revenue Sources
- Non-Essential Service Reductions
- **RAISE TAXES!!**

ANNUAL MUNICIPAL BUDGET OBJECTIVES



- Stabilize Municipal Taxes
- Provide Quality Services to the Community
- Ensure that Services Being Provided Remain Affordable

MEETING BUDGET OBJECTIVES



- NINE YEARS IN A ROW **Delivering a ZERO to 2% Municipal Budget Increase**
- **1 Year with a -2.5% Decrease & 3 Years with ZERO %**
- REDUCED Township Workforce
 - **15% Since 2010**
 - **19% Since 2006**
- REDUCED **Employee Salaries and Wages Line Item That Remains Lower Today than 2009 LEVELS**

MEETING BUDGET OBJECTIVES



- **Negotiated a ZERO Percent (0%) Increase in Public Safety Base Salary Raises in 6 of the Last 10 years**
(not matched by any municipality in the state)
- **Negotiated the Elimination of Health Benefits in Retirement For All but 2 of the 7 Collective Bargaining Units (Unions)**

2019-2020 APPROPRIATION INCREASES



• Contractual Salary and Wages	\$2.4M
• Pension Costs	\$0.9M
• Health Benefits	\$1.0M
• Garbage & Recycling Collection	\$1.2M
• Joint Sewer	\$0.3M
• Salt & Snow Removal	\$0.3M
• Utilities	\$0.2M
• Other Expected Increases	<u>\$0.6M</u>
Total:	\$6.9 Million

TEN YEAR MUNICIPAL BUDGET HISTORY



<u>Year</u>	<u>Amount Raised by Taxes</u>	<u>Municipal Tax Rate</u>
2010	-2.46%	.892
2011	0.00%	.855
2012	0.00%	.860
2013	1.47%	.883
2014	0.00%	.891
2015	2.00%	.910
2016	2.00%	.927
2017	2.00%	.948
2018	2.00%	.966
2019	8.50%	

TWENTY YEAR MUNICIPAL BUDGET HISTORY



2000 – 0%

2001 – 1.2%

2002 – 7.9%

2003 – 11.5%

2004 – 5.8%

2005 – (-.4%)

2006 – 9.6%

2007 – 15.7%

2008 – 9.7%

2009 – 4.1%

2010 – (-2.46%)

2011 – 0%

2012 – 0%

2013 – 1.47%

2014 – 0%

2015 – 2%

2016 – 2%

2017 – 2%

2018 – 2%

2019 – 8.5%

TWENTY YEAR TOTAL BUDGET HISTORY

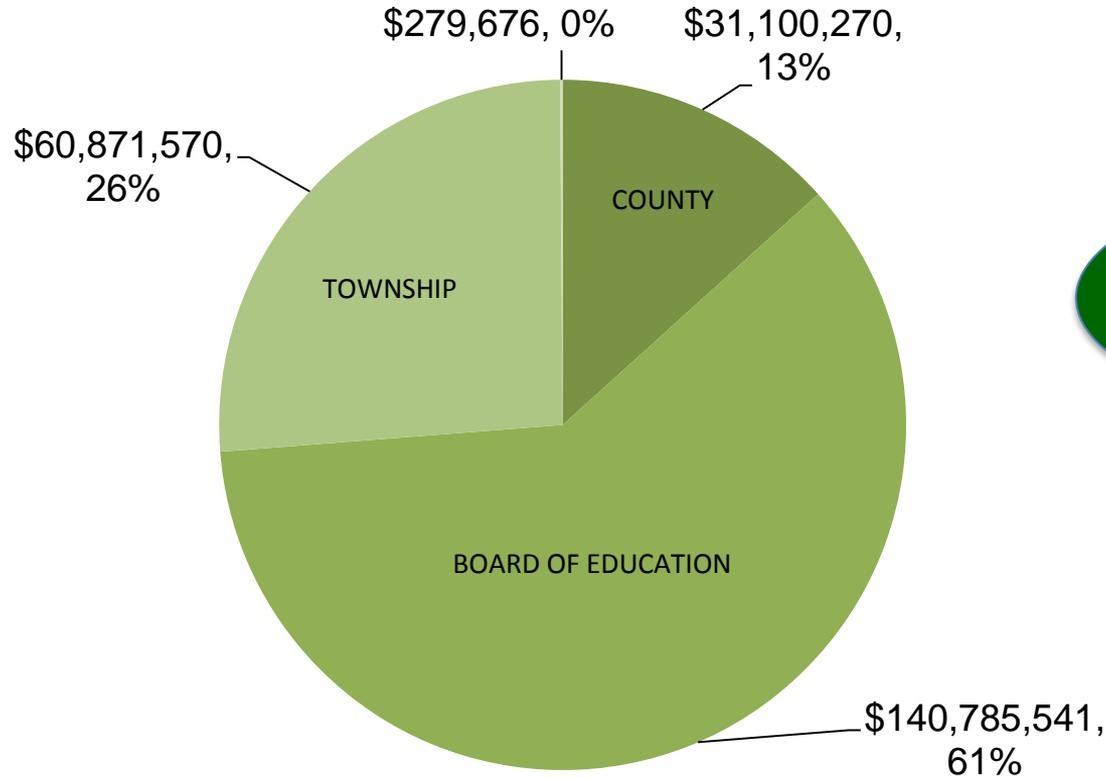


2000 – 4.2%
2001 – 5.2%
2002 – 7.6%
2003 – 9.5%
2004 – 6.6%
2005 – 5.1%
2006 – 7.6%
2007 – 8%
2008 – 6.9%
2009 – 3.5%

2010 – .9%
2011 – 1.7%
2012 – 1.3%
2013 – 2.%
2014 – 1.8%
2015 – 2%
2016 – 1.9%
2017 – 2.3%
2018 – 1.3%
2019 – **3.5%**

2019
**8.5% Municipal
Increase**
**3.5% Overall
Increase**

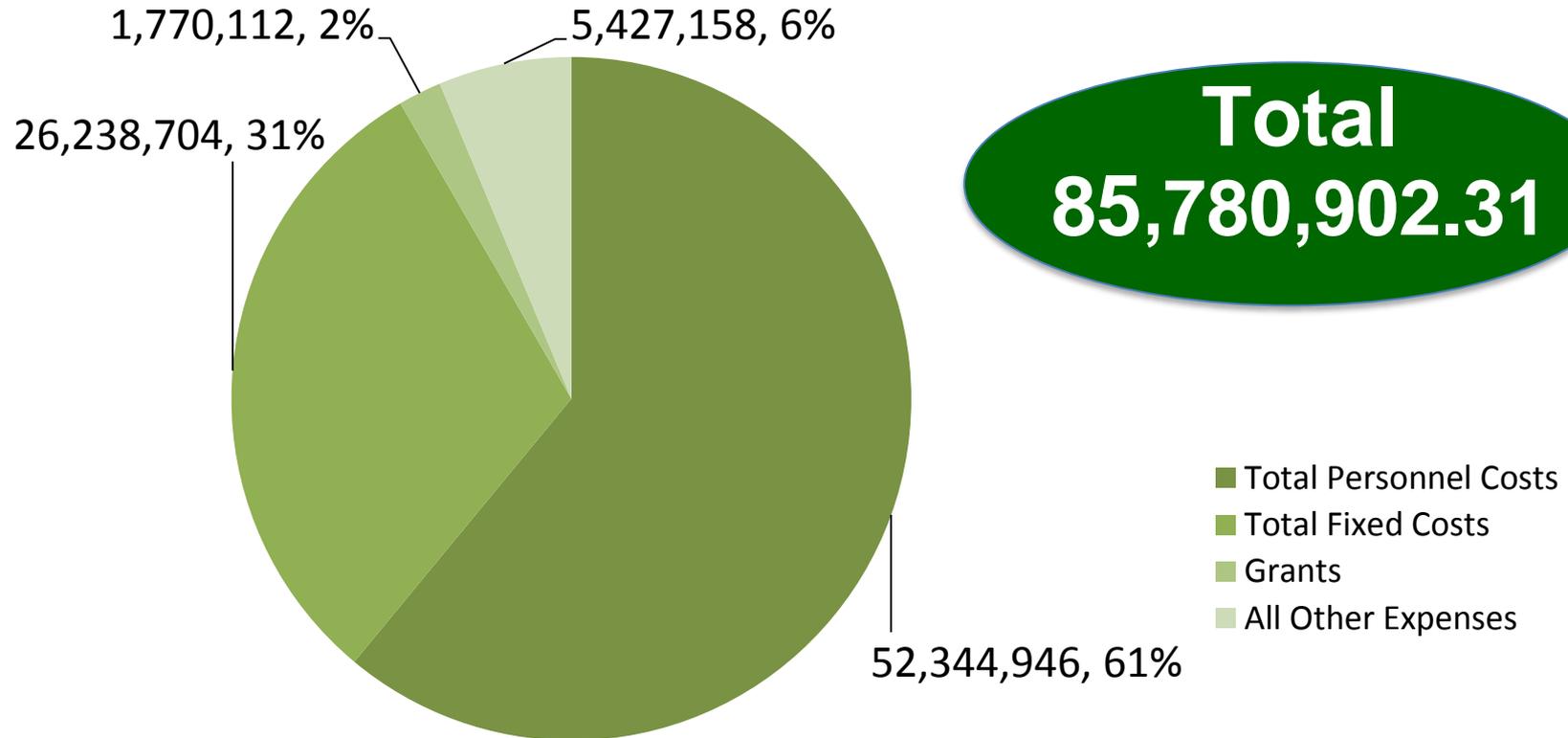
WHERE DO MY TAXES GO?



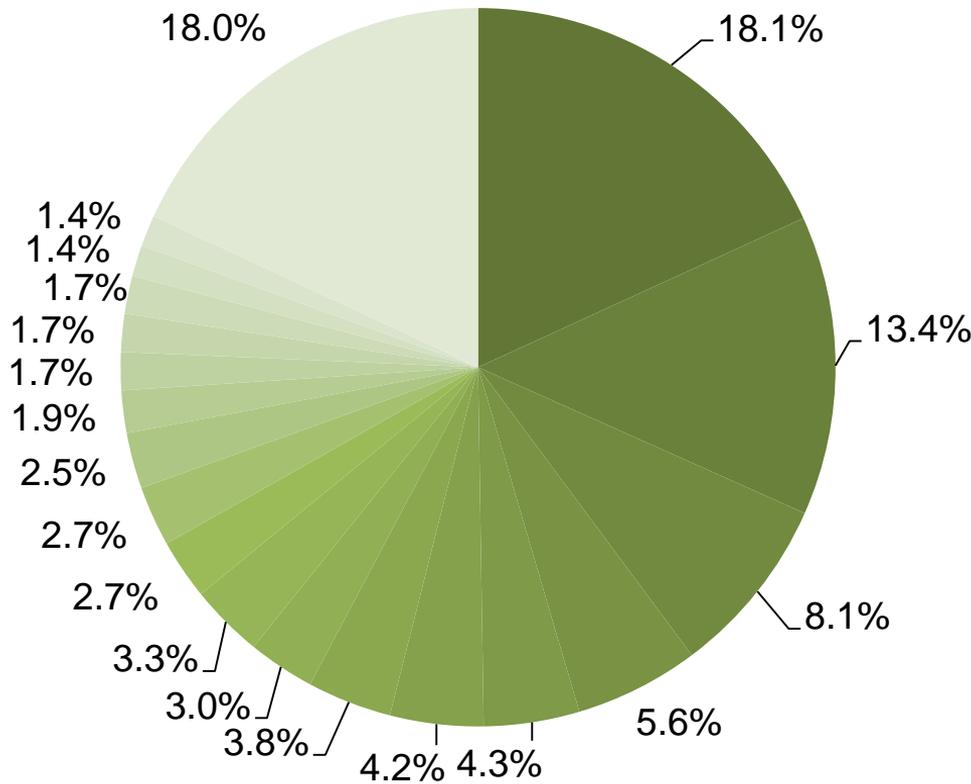
Total
\$233,037,056

- County Levy
- BOE Levy
- Municipal Tax Levy
- Open Space Taxes

2019 MUNICIPAL BUDGET

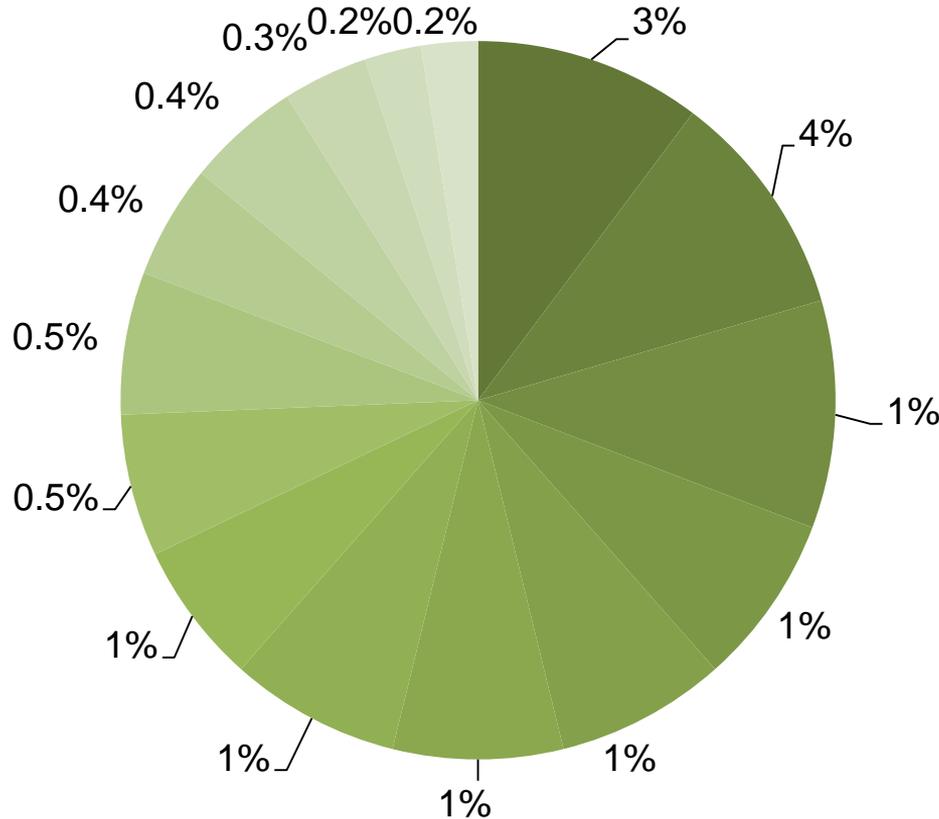


HOW ARE MY TAXES SPENT?



- Fire Operations
- Police Patrol
- Municipal Debt Service
- Garbage & Recycling
- Fire BLS Transportation
- Police Criminal Investigations
- Joint Meeting
- Police Staff Services
- Reserve for Uncollected Taxes
- Utilities
- DPW Streets/Traffic
- Library
- Parks & Facility Maintenance
- Engineering/Public Works
- Police Traffic
- Governance & Administration
- Construction Enforcement
- Police CSU
- All Other - See Next Slide

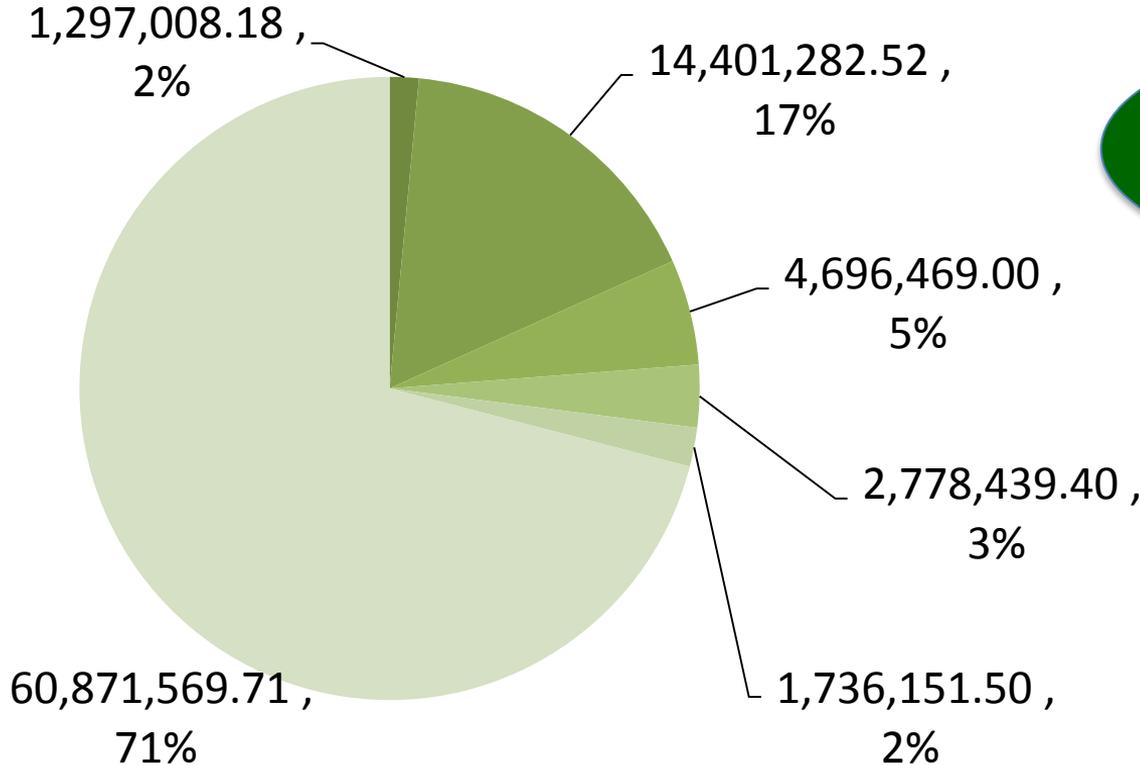
HOW ARE MY TAXES SPENT?



(All 'others' from previous page)

- General Health
- Municipal Court
- Deferred Charges
- Planning
- Environmental Health
- Tax Collection
- Health Clinics
- Code Enforcement
- Purchasing
- Payroll
- Fire Prevention
- Legal Services
- Animal Control
- Housing Assistance
- Senior Services
- Shared Service Agreements

2019 REVENUE SOURCES



Total
\$85,780,920.31

- Surplus
- Local Revenues
- State Aid
- Delinquent Taxes
- Grants
- 2019 Taxes

New Jersey 2% TAX LEVY CAP



- Limits Tax Increases to 2% of Taxes Paid by Residents (not 2% of the total budget)
- Exemptions Include:
 - Pension
 - Health benefits
 - Debt service
 - Capital Improvement Fund

Since the inception of the 2% CAP, 2019 will be the 1st year West Orange **INCREASED** Municipal Budget more than 2%.

MEETING BUDGET OBJECTIVES



- In Order to Limit Budget Increase to a 2% for 2019 & 2020, it Would Require Eliminating \$5 Million Dollars in Salary & Wages:

**ALL 70 PART-TIME POSITIONS
&
55 FULL-TIME POSITIONS**

MEETING BUDGET OBJECTIVES



For EXAMPLE, the Elimination of:

- 8 Police Officers
- 7 Firefighters
- 8 Laborers
- 6 Dispatchers
- 5 Drivers
- 2 Inspectors
- 19 Administrative Personnel
- All 70 P/T Positions Including all Crossing Guards

MEETING BUDGET OBJECTIVES



Leaving Township, For EXAMPLE:

- 87 Police Officers
- 81 Firefighters
- 3 Laborers
- 2 Dispatchers
- 22 Drivers/Repairers
- 12 Inspectors
- 47 Administrative Personnel and no P/T Positions

MEETING BUDGET OBJECTIVES



What Are Our Options?



2 YEAR BUDGETING – PLAN A



Municipal Budget

- 2019 - 2% Tax Increase
- 2020 -12% Tax Increase

2 YEAR BUDGETING – PLAN A



- NO Capital Budget
- NO Added Positions
- NO Filling Open Positions
- NO Expansion of Services
- YES Reduction in Services

2 YEAR BUDGETING – PLAN A



The Township's Tax Levy CAP Bank
Expires in 2019
and Will Not be Available
in 2020, 2021 or 2022

Meaning if the Township is Going to Raise
Taxes Above 2%, it must be in 2019

2 YEAR BUDGETING – PLAN B



Municipal Budget

- 2019 - 8.5% Tax Increase
- 2020 - 2% Tax Increase

2 YEAR BUDGETING – PLAN B

Operating Budget



- Add Full-time Planning/Economic Development Consultant
- Add 2 New Police Officers (Grant)
- Additional \$50 Thousand Dollars to Library Funding Above Statutory
- Senior Citizen Bus Expansion
- Fill 5 Open Firefighter Positions
- Adding Part-time Senior Livability Coordinator
- Expanding Senior Services Program
- Justice & Mental Health Collaboration Program Training
- Expanded Traffic Safety Enforcement
- New Dedicated Public Safety Cellular Network to Insure Communication in Emergencies
- GPS Technology on School Buses
- Add Tree Climber Position
- State of the Art Firearms for Police Department
- Expand Sustainable NJ Climate Change Efforts
- Luna Stage Support

2 YEAR BUDGETING – PLAN B

Capital Budget



- \$8 Million Dollar Capital Budget
- \$6 Million Dollars for Road Resurfacing
- Improvements to Township Parks
- Township Pool Improvements
- State of the Art Firearms for Police Department
- New Police Vehicles
- Refurbish Ambulance
- Continue Firehouse Renovations
- OSPAC Sound System
- Council Chambers Sound System Improvements for the Hearing Impaired
- Additional High Visibility LED Street Signs
- \$400 Thousand Dollar Debt Service Payment

2 YEAR BUDGETING – PLAN B



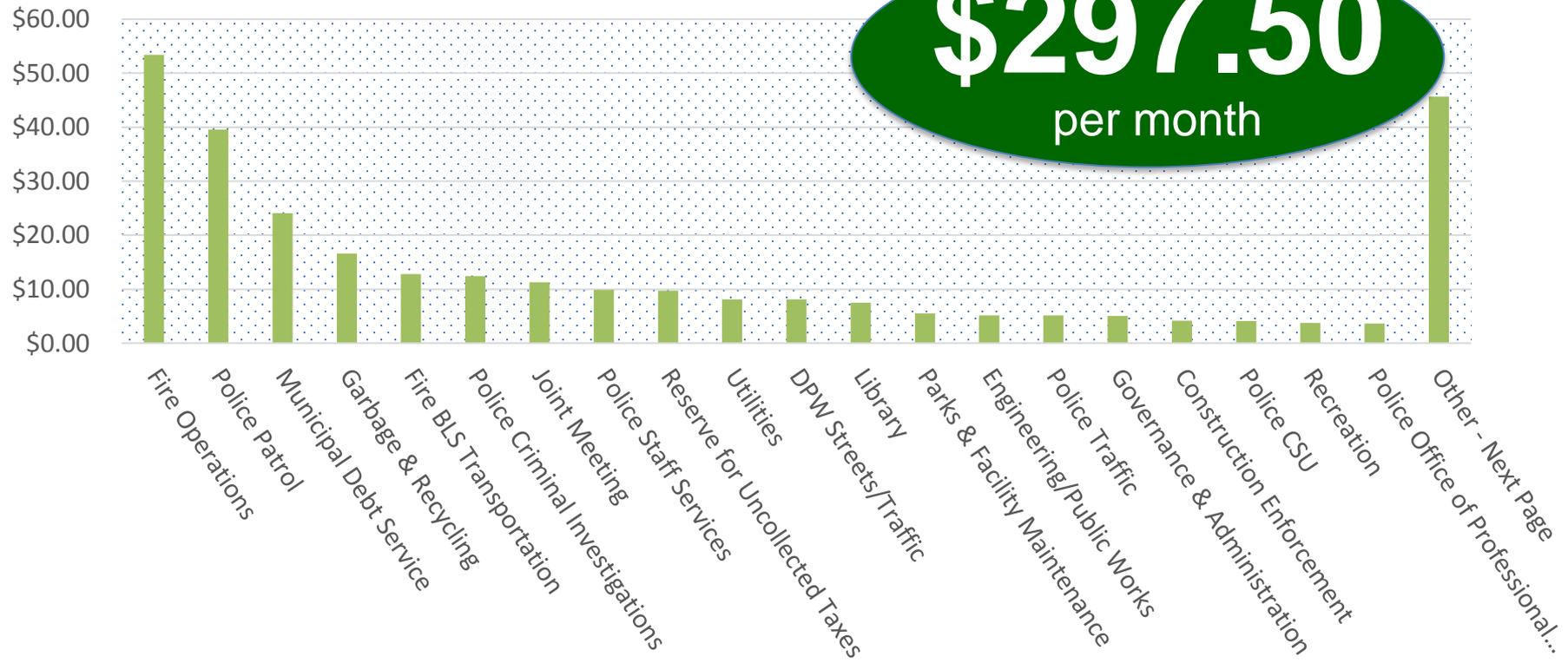
Municipal Budget

- 2019 - 8.5% Tax Increase
- \$23.29 Per Month Municipal Increase
- \$38.60 Per Month Total Increase

AVERAGE PROPERTY OWNER MONTHLY MUNICIPAL TAXES



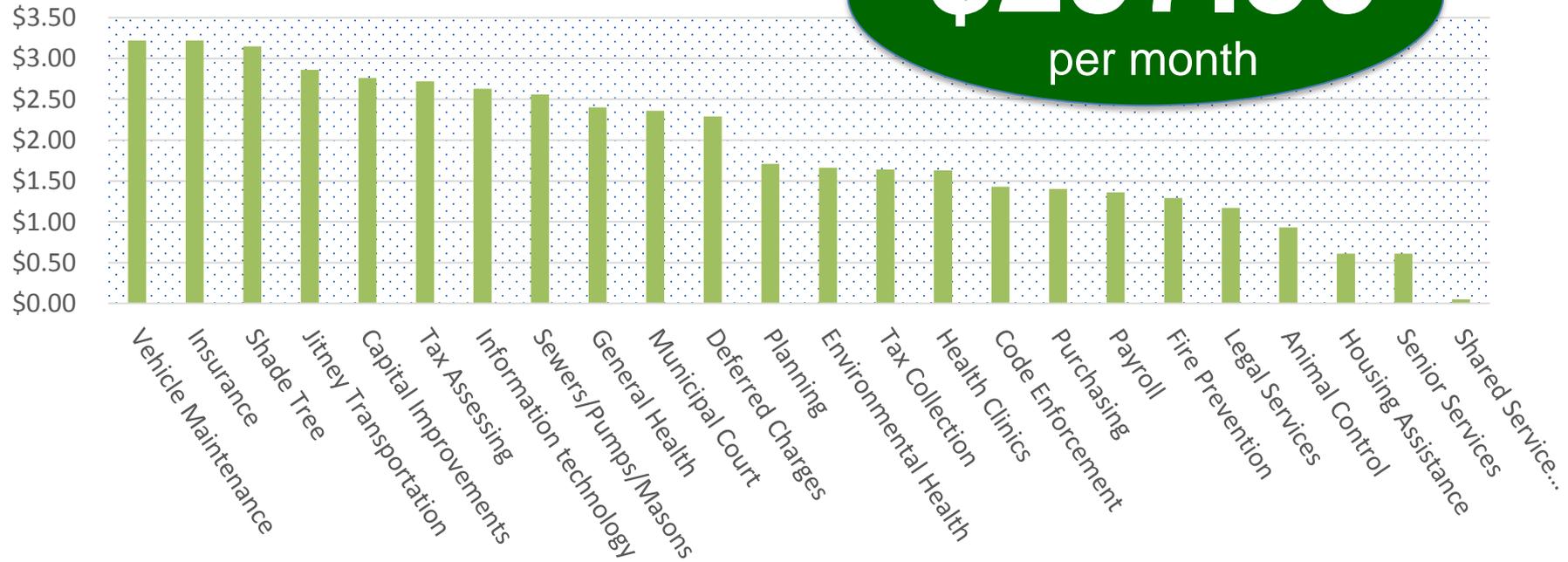
\$297.50
per month



AVERAGE PROPERTY OWNER MONTHLY MUNICIPAL TAXES



\$297.50
per month



ARE YOU PART OF THE MAJORITY?



68% of ALL households
in West Orange pay

\$300/month

**or less for all
Municipal Services**



MONTHLY MUNICIPAL TAX COMPARISON



How much do you pay monthly for the following?



Car Payment



Cell Phone



Internet



Cable TV

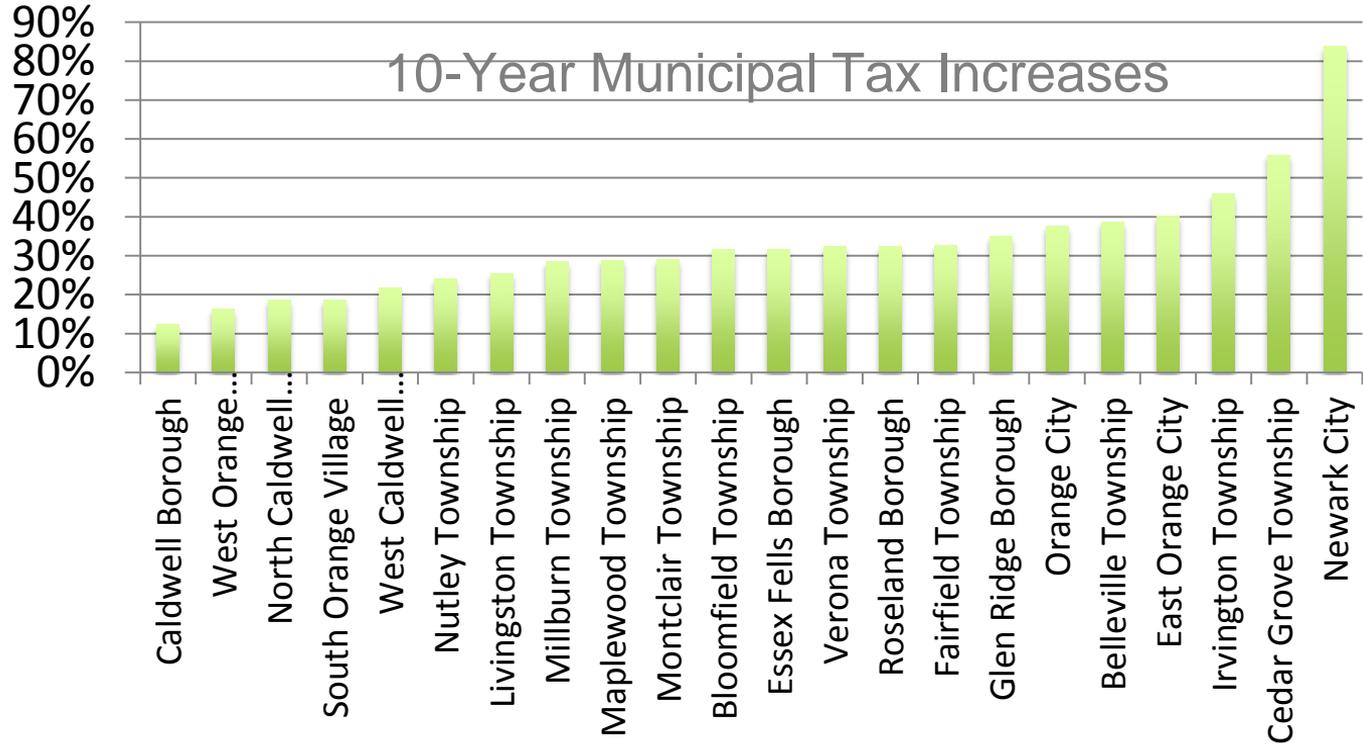


Restaurants



Utilities

NEIGHBORING TOWN COMPARISON



**30.4%
update**
Average
Increase of
Neighboring
Towns

**16% for
West Orange**

REALTY OF NUMBERS



- 5% Cut in Property Taxes
- Average \$11 Thousand Annual Property Taxes
- Reduce Spending \$11.5 Million Dollars
- Almost Twice the Amount of This Budget Increase
- Eliminate 150 Municipal Positions
- Reduce Property Taxes \$550.00 Annually
- Roughly \$1 Million Budget Dollars Equals \$4 Monthly
- “If We Could Cut Taxes, Don’t You Think We Would?”

WHERE DO WE GO FROM HERE?



- Re-define “Essential Services”
- Continue to Evaluate the Most Efficient and Cost Effective Ways to Deliver “Essential Services”
- Privatization and the Utilization of Part-time Employees Rather Than Full-time Employees
- Redevelopment & New Developments
- “New Jersey Ratable Chase”

Additional Retable's Since 2010



- Cambria Suites - **\$573,973.00**
- Chase Bank - **\$73,515.00**
- LA Fitness - **\$573,973.00**
- Total Municipal Taxes = **\$304,769.00**

POTENTIAL NEW REVENUE

- Main Street Redevelopment
- Central Avenue Redevelopment
- Essex Green Redevelopment
- Executive Drive Redevelopment
- West Essex Highlands



REALTY OF NUMBERS



- \$2 Million in New Property Taxes (roughly 140 homes)
- \$540 Thousand Dollars to Township
- 2% Employee Annual Raise Equals to \$614,863.00
- Estimated Inflation Rate of 2% Equals Annual Cost Increases of Roughly \$1.7 Million Dollars in Budget

PROPERTY TAX REBATE CARD



- Open to **ALL** Property Owners in West Orange
- Purchase Goods or Services from Participating West Orange Businesses
- Receive a Credit Toward your Annual Property Tax Bill

NO COST!

www.westorange.org/shopwestorange

QUESTIONS/COMMENTS



Thanks for your time & attention!