



South Orange Village
**Fiscal Year
2023 Budget**

Introduced to the Board of Trustees
Monday, March 13, 2023



BUDGET PLANNING OBJECTIVES

- Achieve fiscal sustainability
 - Adherence to fund balance policy
 - Enhanced departmental accountability through our new purchase requisition process and financial reporting software
 - Manage inflationary impact on capital projects & operational expenses
- Deliver Village services effectively, efficiently and equitably
- Engage stakeholders throughout the budgeting process and facilitate constituent engagement and response
- Increase economic growth

VILLAGE PRIORITIES and BUDGET IMPLICATIONS

- **Environmental Sustainability**

- \$100,000 Tree Replacement Fund/DPW operating expenses
- \$240,000 Cleaning of Rahway River, east branch
- \$160,000 Park maintenance and planning – Grove Park and Duck Pond

- **Effectuation of the Master Plan**

- \$50,000 Increase in Planning Consultant costs – Tree Ordinance, Parking Ordinance, Mobility, etc.
- \$25,000 HPC Operating for Key Properties & Ordinance Development

- **Proactive Infrastructure Improvements (Annual Allocations)**

- \$1,207,080 study, make proactive improvements and maintain our different systems. (Storm Water, Sewer & Roads)

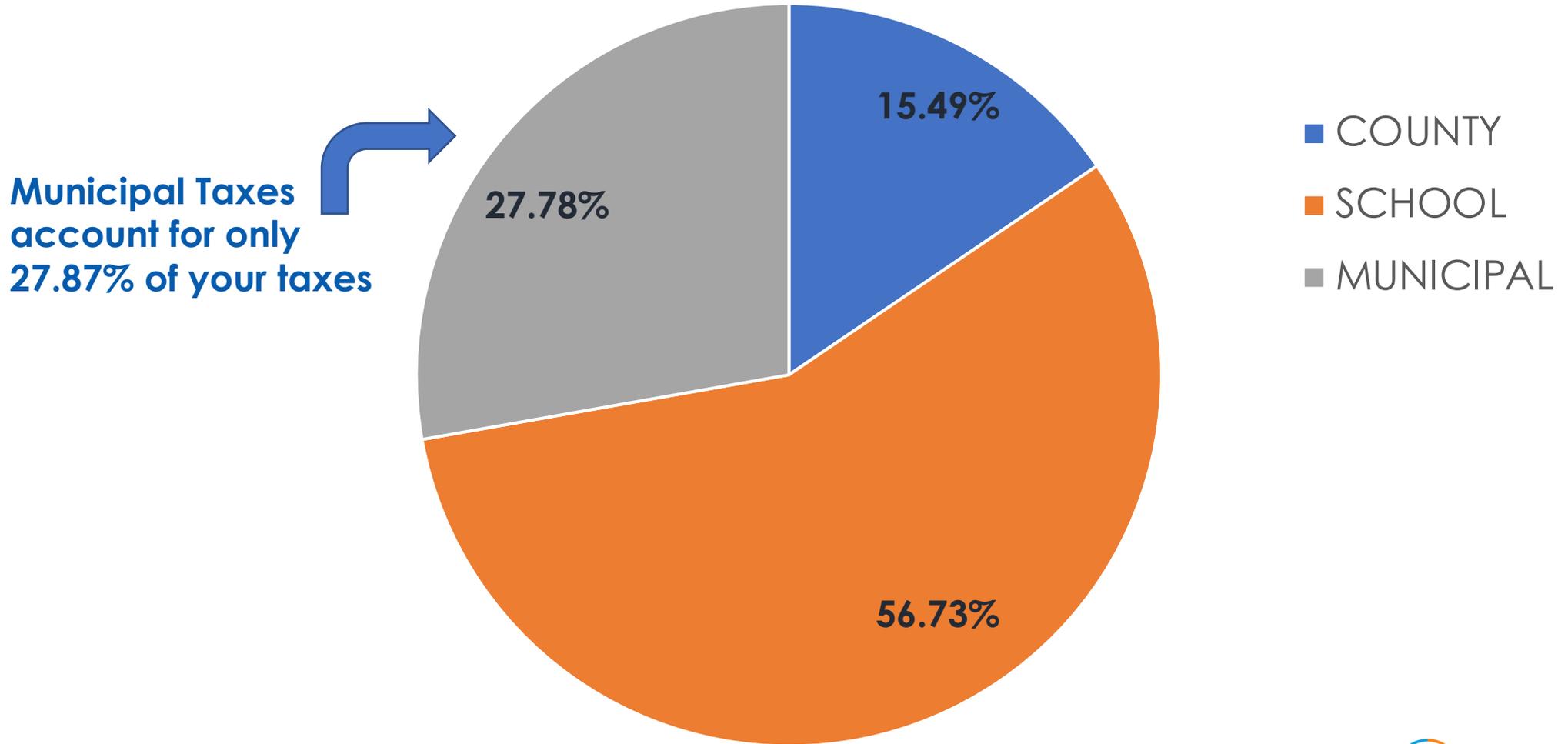
VILLAGE PRIORITIES and BUDGET IMPLICATIONS

- **Expanded Recreational Offerings**
 - \$15 million reconstruction, final stages opening Community Center
 - \$350,000 increased operating expenses such as cleaning and utilities
- **Building Maintenance Planning**
 - \$16 million Library renovation planning
 - \$20,000 operational costs: Community Center, 133 Fairview, Skate House, etc.

FY '23 BUDGET REALITIES

- **Uncontrollable Spending Increases: \$783,012**
 - Health Care Premiums & Pensions
 - Insurance
 - Debt Service
 - Utilities
- **Use of One-Time Funds - ARPA Funding (Covid Recovery): \$873,511.42**
- **Other Considerations & Challenges**
 - Inflationary environment impacting operational expenses and capital projects
 - The unprecedented increase in health insurance premiums

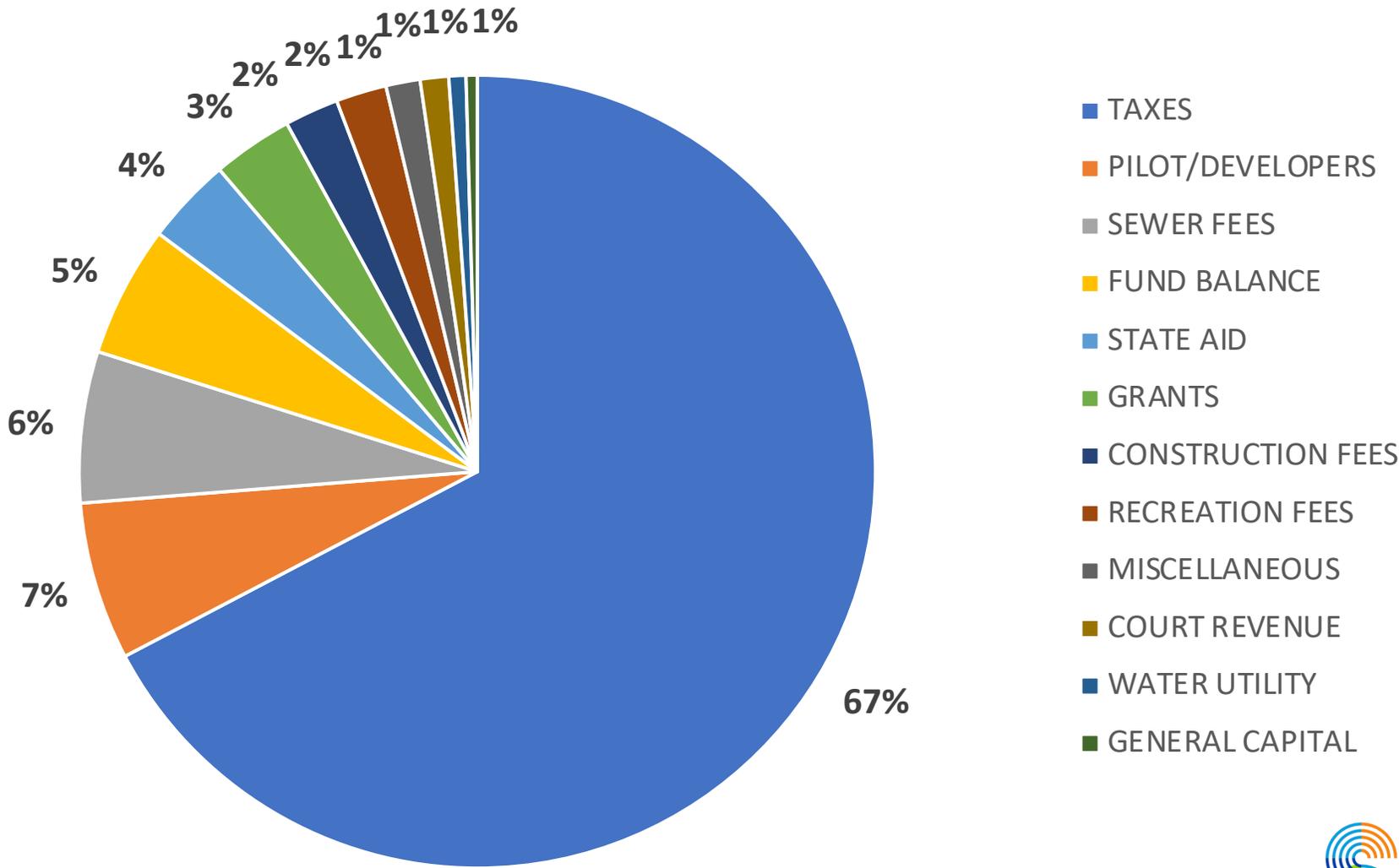
WHERE DOES YOUR TAX DOLLAR GO?



FY '23 BUDGET Overview

- Total budget: \$43,312,229
- Municipal property tax increase: 5.69%
- Amount to be raised in taxes \$29,144,984
- Impact on Average Homeowner:
 - Average residential assessment: \$585,350.79
 - Municipal tax rate: 0.993
 - Municipal taxes on average assessment: \$5,813.55
 - Year over year increase: \$319.49

WHERE DO LOCAL REVENUES COME FROM?

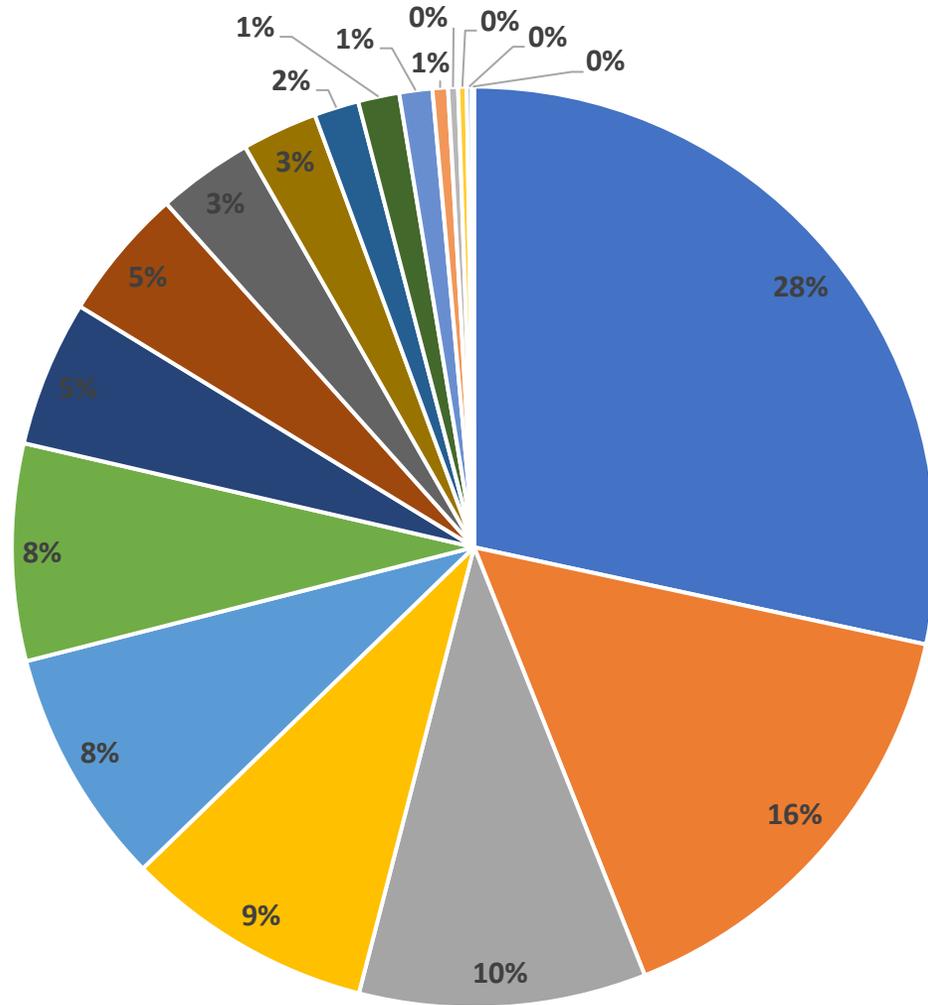


WHERE DO LOCAL REVENUES COME FROM?

BREAKDOWN OF LOCAL REVENUE

TAXES	\$	29,144,984.91	67.29%
PILOT/DEVELOPERS	\$	2,790,000.00	6.44%
SEWER FEES	\$	2,670,000.00	6.16%
FUND BALANCE	\$	2,318,000.00	5.35%
STATE AID	\$	1,532,856.54	3.54%
GRANTS	\$	1,417,840.35	3.27%
CONSTRUCTION FEES	\$	950,000.00	2.19%
RECREATION FEES	\$	890,000.00	2.05%
MISCELLANEOUS	\$	602,050.00	1.39%
COURT REVENUE	\$	500,000.00	1.15%
WATER UTILITY	\$	300,000.00	0.69%
GENERAL CAPITAL	\$	196,497.89	0.45%
TOTAL	\$	43,312,229.69	100.00%

HOW WILL YOUR TAX DOLLARS BE ALLOCATED?



- PUBLIC SAFETY
- DEBT
- STATUTORY EXPENDITURES
- INSURANCE
- GENERAL GOVERNMENT
- PUBLIC WORKS
- UTILITIES AND BULK PURCHASES
- PARKS AND RECREATION
- RESERVE FOR UNCOLLECTED TAXES
- EDUCATION (INCLUDING LIBRARY)
- UNIFORM CONSTRUCTION CODE
- UNCLASSIFIED/GRANTS
- SHARED SERVICES
- HEALTH AND HUMAN SERVICES
- CAPITAL
- COURT AND PUBLIC DEFENDER
- DEFERRED CHARGES
- LAND-USE ADMINISTRATION

HOW WILL YOUR TAX DOLLARS BE ALLOCATED

Major Drivers of Budget Change Year over Year - +/- \$25,000

RECREATION O/E	\$ 361,250.00	60.78% Opening of Community Center: Utilities & Maintenance
POLICE S&W	\$ 331,500.00	5.13% Anticipated OT, Comp Time Payouts, Raises, New Hire (Dispatcher)
NOTE INTEREST	\$ 322,100.00	158.67%
PUBLIC WORKS O/E	\$ 241,000.00	19.10% Inflation: Gasoline, Supplies
FIRE O/E	\$ 172,250.00	55.97% SEFD Transition: Administrative Expenses Allocation to SEFD
BOND PRINCIPAL	\$ 155,000.00	3.63%
EMPLOYEE GROUP BENEFITS*	\$ 150,000.00	5.98% State Increase of over 16% Offset by Surplus Allocation and Plan Changes
NOTE PRINCIPAL	\$ 138,100.00	35.23%
GENERAL LIABILITY/WORKERS COMP	\$ 117,233.00	11.80% Rate Increase
FIRE S&W	\$ 111,900.00	2.72% New Hires to Complete Table of Organization & OT Costs
BUILDING AND CONSTRUCTION S&W	\$ 95,200.00	17.19% Addition of Fire Prevention Bureau
ENGINEERING O/E	\$ 81,400.00	77.45% Engineering Consulting Contract Increase 24 hours/week
SPECIAL EMERGENCY AUTHORIZATION	\$ 73,487.00	0.00% Revaluation 1x Costs
IT O/E	\$ 59,500.00	33.06% IT Svs Contract, Cloud Services & Baird Meeting Room
RESERVE FOR UNCOLLECTED TAXES	\$ 50,000.00	3.57%

*State Health Benefit Plans Increase is averaging between 16-24%. Costs fluctuate based on plan options, employee status and dependent coverage. Prior budget practices and surplus allocation are minimizing taxpayer impact.

HOW WILL YOUR TAX DOLLARS BE ALLOCATED

Major Drivers of Budget Change Year over Year - +/- \$25,000, Cont'd

MUNICIPAL LIBRARY O/E	\$ 40,000.00	21.05% HVAC Repairs & Cleaning,
PERS (PENSION)	\$ 30,245.76	4.08% Statutory Expenses
HISTORIC PRESERVATION O/E	\$ 25,000.00	416.67% HPC Request for Ordinance Development
MUNICIPAL COURT S&W	\$ (29,500.00)	-22.78% Retirement; no plans to replace
POLICE O/E	\$ (46,000.00)	-5.56% Decrease in Gasoline & Auto Repairs (Hybrid); Decrease in Legal Fees
JOINT TRUNK SEWER MAINTENANCE	\$ (46,955.00)	-3.57% Joint meeting
BOARDS AND COMMITTEES	\$ (49,400.00)	-18.90% SODT Reduced Contribution Request
ENGINEERING S&W	\$ (63,500.00)	-53.59% Engineer S&W Consulting Contract
PUBLIC WORKS S&W	\$ (105,600.00)	-5.56% Retirement of DPW Director; loss of 1 Staff Member
BOND INTEREST	\$ (175,000.00)	-12.43%
EMERGENCY AUTHORIZATION	\$ (250,000.00)	-100.00%

2023 CAPITAL BUDGET HIGHLIGHTS

Total 2023 Capital Request: \$ 2,783,080.00

- Roads, Curb and Sidewalks: Kingman Rd., Vose Ave., & Lenox Ave. - \$987,080
- Dredging Rahway River and CCTV of problematic drainage areas - \$460,000
- Community Center Furniture and Equipment Outfitting - \$350,000
- Park planning and upgrades- \$260,000 (Cameron Field, Grove Park & Duck Pond)
- DPW Front-end Loader - \$200,000

FUTURE BUDGET CONSIDERATIONS

Budget realities necessitate maximizing nontax revenue sources:

- Reduced dependency on surplus balance
- Increased Debt Service Cost & Inflationary Environment
- Loss of Relief Funding
 - ARPA (Covid Recovery) Funds Discontinued - \$873,511
 - Municipal Relief Fund - 1x receipt of \$75,995

➔ *What are our nontax revenue sources?*

- Pilots
- Grants
- State Aid
- Recreation Programming
- Other

Revenue Sources – A Closer Look

- **Pilots** - \$2,690,000 or 7% of our anticipated 2023 revenue
 - Significant increases expected in 2024 with new developments



TAYLOR | VOSE



VILLAGE HALL TAVERN & BEER GARDEN

Revenue Sources – A Closer Look

- **Pilots** - \$2,690,000 or 7% of our anticipated 2023 revenue
 - Significant increases expected in 2024 with new developments



STORAGE PLATFORM



MERIDIA | 4th & VALLEY

Revenue Sources – A Closer Look

- **Grants** – \$1,417,840 or 3.27% of our anticipated 2023 revenue
 - Village Administration is actively seeking additional grant funding for 2023/2024:
 1. NJDOT Grants – \$871,780*
 2. NPP Grants - \$125,000/year*
 3. NJACCHO (Health Services) - \$100,000*
 4. Essex County Youth Services Grant - \$10,000*
 5. Green Acres Grant (Cameron Recreation Area Upgrades)
 6. Historic Preservation Grant (Grove Park Study)
 7. NJOEM Pre-Disaster Mitigation Funds (Public Works Yard)
 8. NJAW Stormwater Reduction Grant (Native Plantings New Waterlands)
 9. Stormwater Utility No-Cost Feasibility Study Grant
 10. NJ Transit Village Grant – Sidewalk Improvements, Kiosks, Bike Racks & Benches around train station

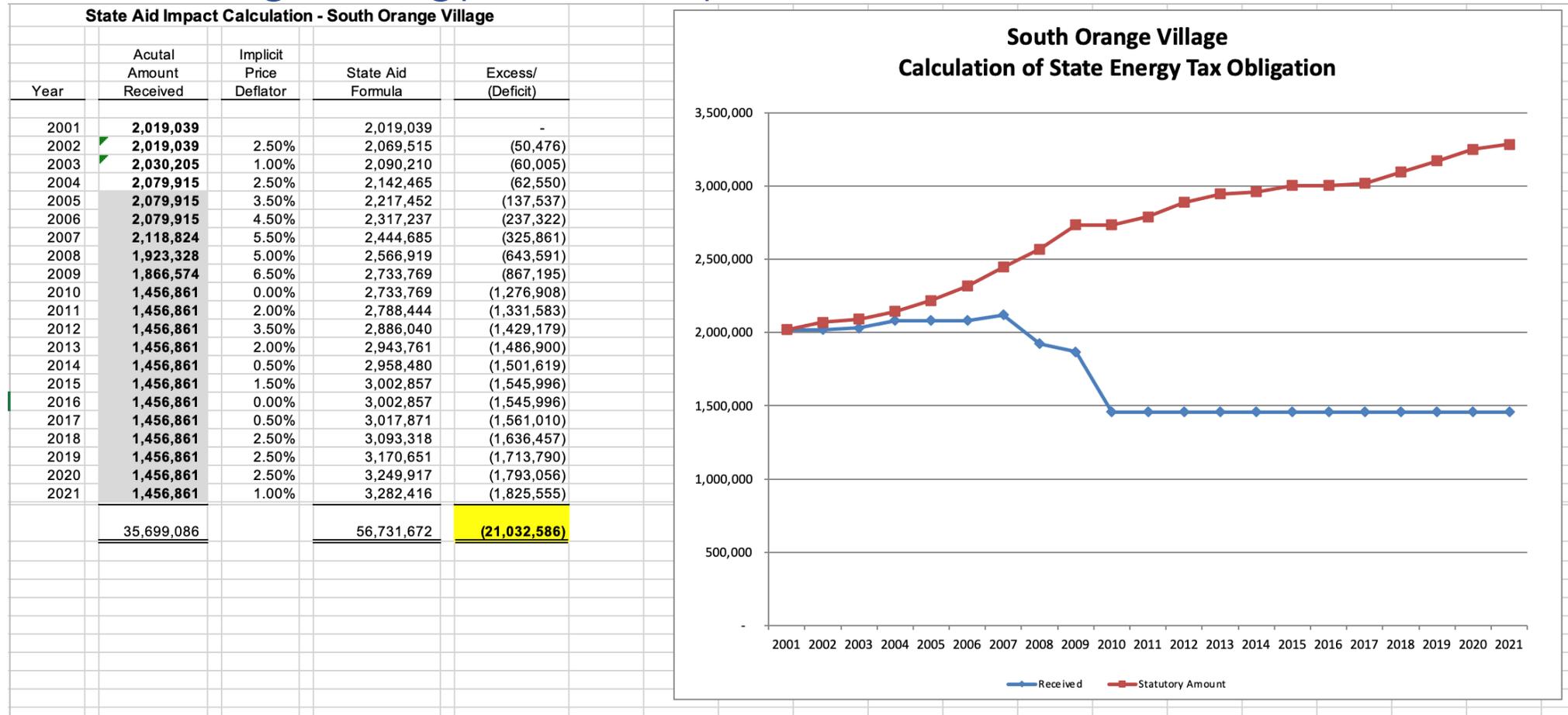
* **Grant Commitments Received**

Revenue Sources – A Closer Look

- Positive Trends & Other Sources:
 - Recreation Fees – Opening of Community Center
 - Court Fees – Moving past Covid backlog
 - Health Care Premium Relief:
 - Potential Relief from State
 - Exploring New Providers
 - Support Energy Tax Receipts Restoration to Municipalities
 - The state has diverted over \$21 million in energy tax receipts from South Orange since 2001
 - Current bill designed to restore these energy tax receipts to municipalities over a multi-year period

Revenue Sources – A Closer Look

South Orange Energy Tax Receipts – 2001 to 2021



2023 Proposed Budget – Next Steps

- March 27: Public Comment on Introduced (BOT Meeting)
- April 10: Public Comment and Final Passage (BOT Meeting)

QUESTIONS?