



South Orange Village

Fiscal Year 2024 Budget

Introduced to the Board of Trustees

Monday, March 11, 2024



**SOUTH
ORANGE**
VILLAGE

BUDGET PLANNING OBJECTIVES

- **Achieve fiscal sustainability**
 - Continued adherence to fund balance policy
 - Manage inflationary impact on capital projects & operational expenses
 - Maintain flat year over year operational expenses for which we have control (exceptions: engineering support staff and records retention)
 - Revisit 6-year capital plan; seek alternate sources of funding/financing
 - Develop Open Space Trust Fund spending plan
- **Deliver Village services effectively, efficiently and equitably**
- **Engage stakeholders throughout the budgeting process and facilitate constituent engagement and response**
 - Departmental Budget Presentations
 - Nonprofit Partner Organizations Budget Presentations
 - Finance Committee Meeting
 - BOT Meetings

VILLAGE PRIORITIES and BUDGET IMPLICATIONS

- **Environmental and Sustainability Initiatives**

- Appropriate \$4,120,000 for Project Greenway Phase 2 (\$2,700,000 reimbursable via grant)
- \$150,000 Tree Replacement Fund/DPW operating expenses

- **Infrastructure Improvements**

- Lenox Place Sanitary Sewer Reconstruction: \$570,000
- \$420,000 additional funds allocated to sewer and stormwater for proactive improvements and maintenance of our systems
- \$900,000 in roads reconstruction, milling & paving (\$483,000 reimbursable by NJDOT grants)

- **Engineering**

- Support staff to assist with new and ongoing infrastructure improvements, \$75,000 (offset by \$40,000 reduction in consulting fees)

VILLAGE PRIORITIES and BUDGET IMPLICATIONS

- **Expanded Recreational Offerings**
 - \$15 million reconstruction, Baird Community Center programming to begin April 2024
 - \$100,000 increase to operating expenses such as cleaning and utilities; part-time staff
- **Buildings & Maintenance**
 - \$16 million Library renovation: offset capital costs during construction where possible
 - Promote Field Maintenance Manager to Facility Manager to support new municipal spaces coming online: +\$12,0000

FY '24 BUDGET REALITIES

1. Uncontrollable Spending Increases

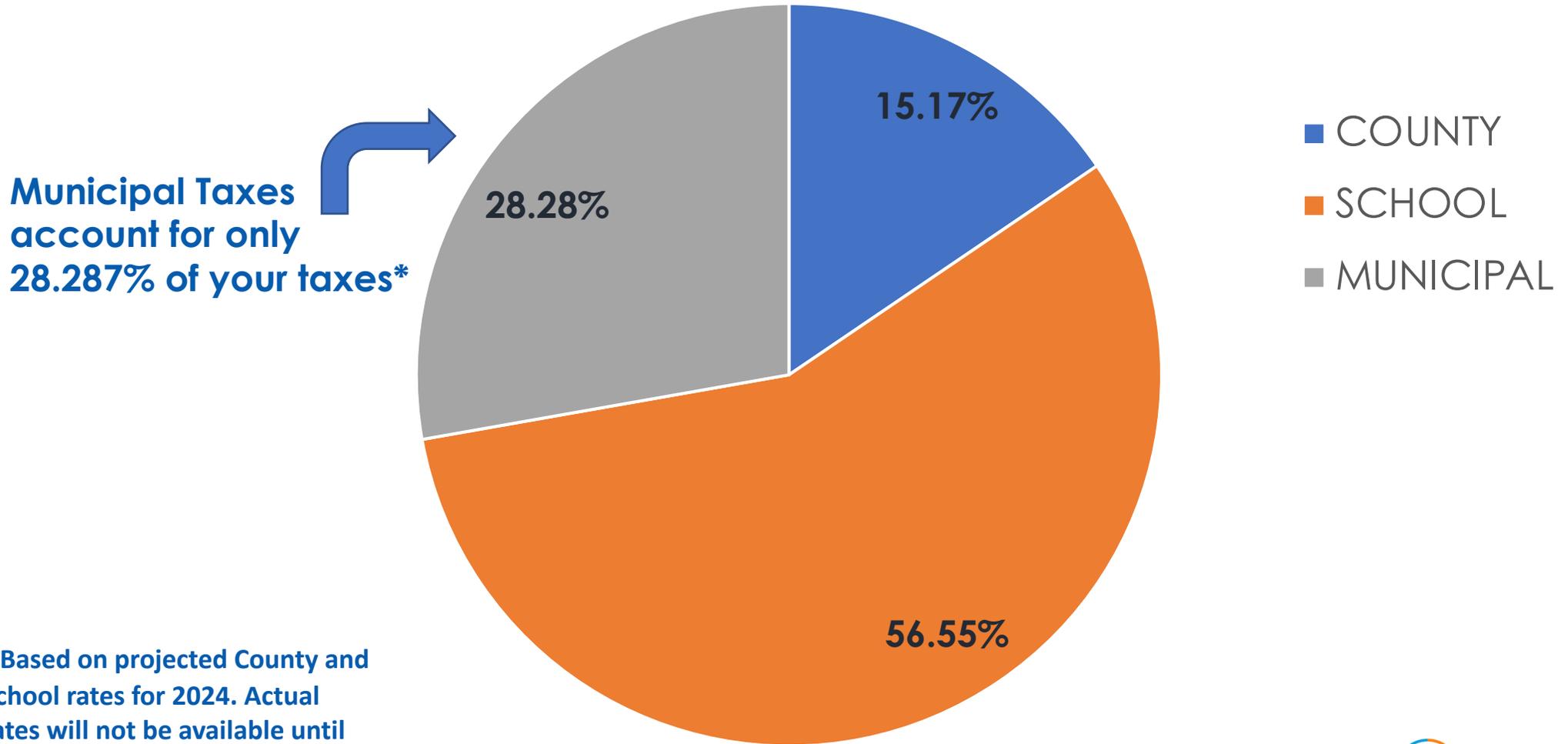
- Health Care Premiums +7.5%
- Pension +4.47%
- Debt Service – Note interest payment due +95%
- Street Lighting +11.54%

2. ARPA Funds are Depleted

3. Other Considerations & Challenges

- Employee contracts, inflationary environment impacting operational expenses and capital project financing

WHERE DOES YOUR TAX DOLLAR GO?



*Based on projected County and School rates for 2024. Actual rates will not be available until mid-to-late 2024.

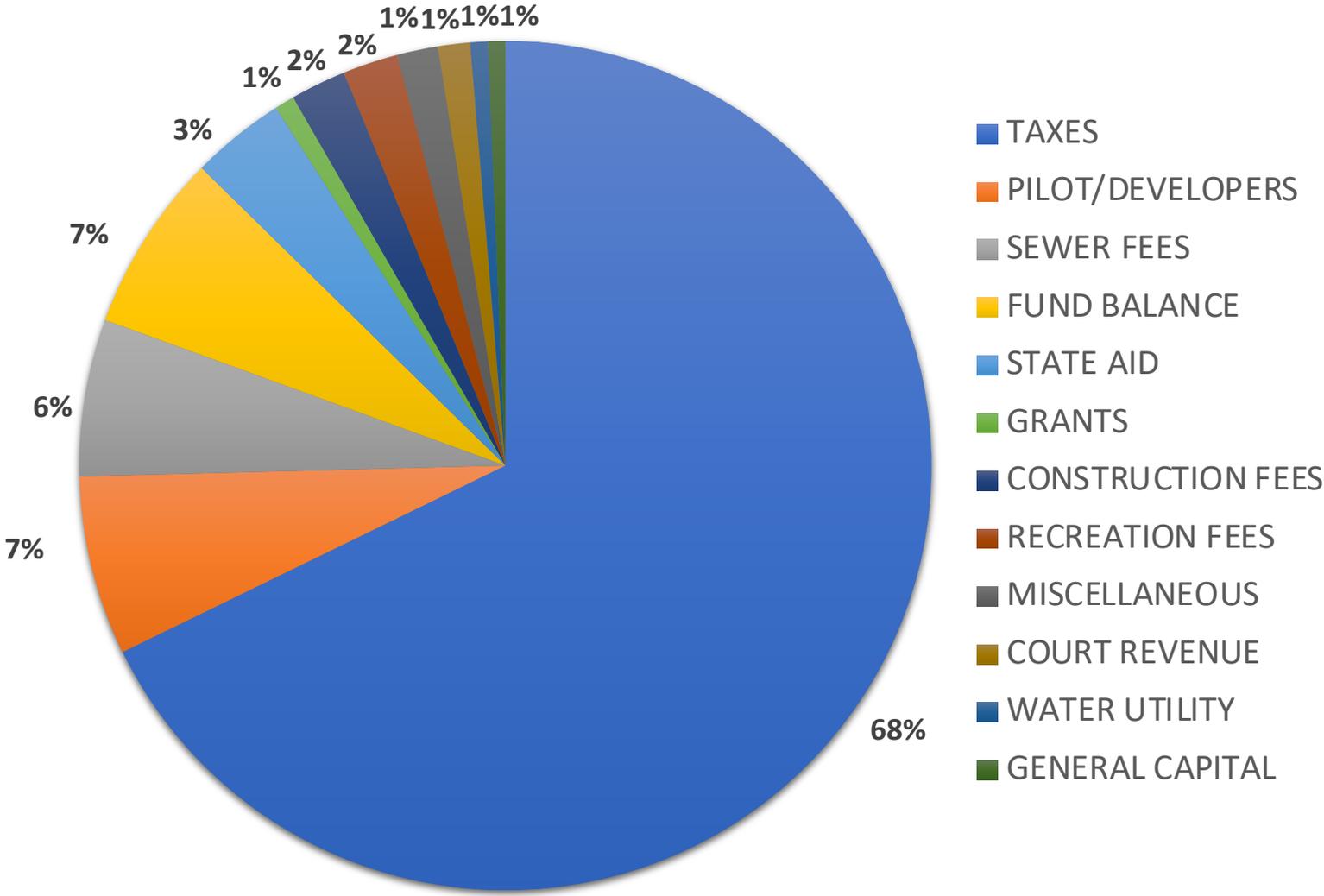


FY '24 BUDGET Overview

| | |
|--|-----------------|
| • Total budget: | \$45,120,811.90 |
| • Municipal property tax increase: | 4.99% |
| • Amount to be raised in taxes | \$29,609,957.51 |
| • Impact on Average Homeowner: | |
| ○ Average residential assessment: | \$879,422.66* |
| ○ Municipal tax rate: | 0.692 |
| ○ Municipal taxes on average assessment: | \$6,081.74 |
| ○ Year over year increase: | \$263.35 |

* Based on new assessment values per 2023 revaluation

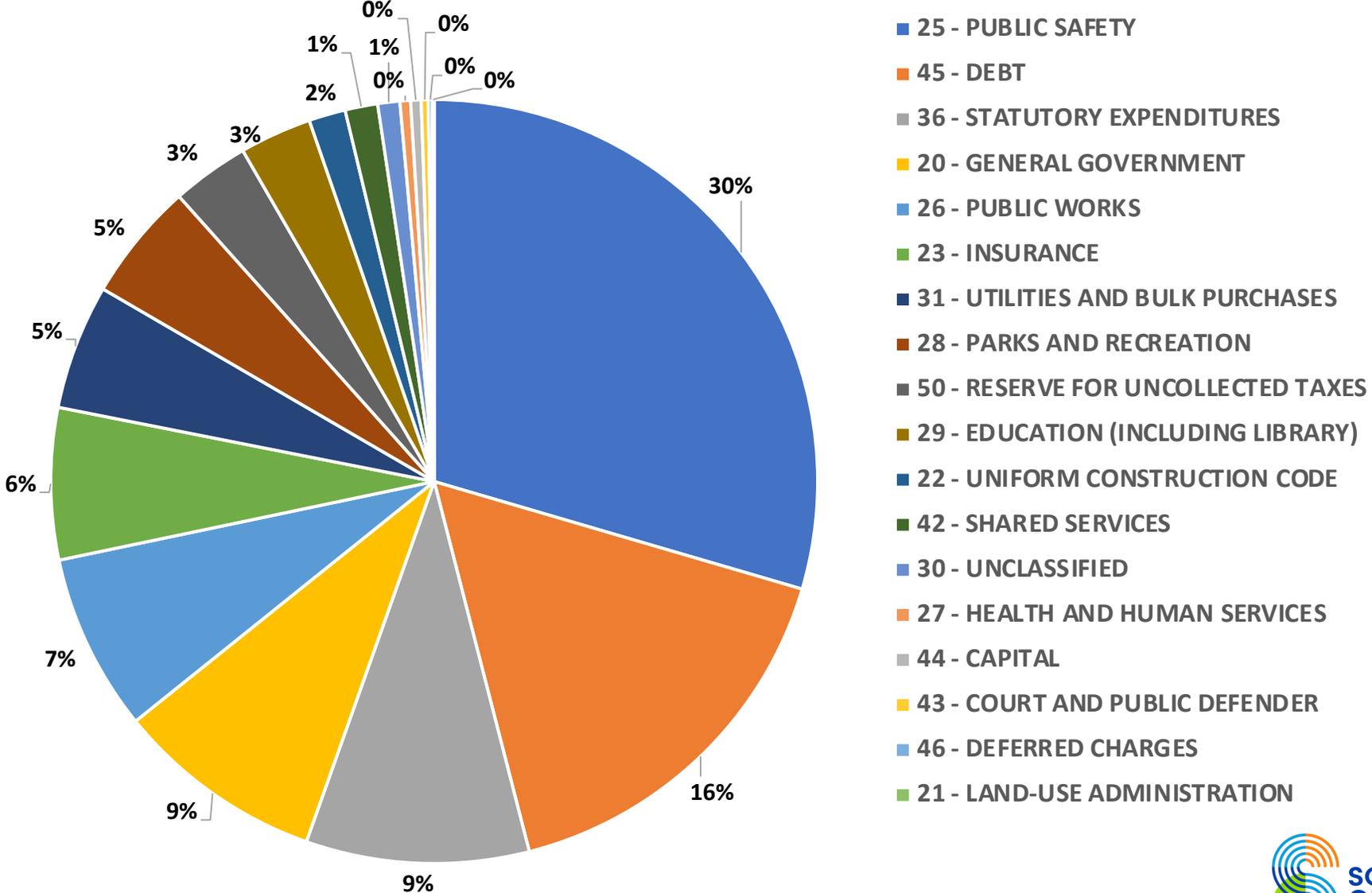
WHERE DO LOCAL REVENUES COME FROM?



WHERE DO LOCAL REVENUES COME FROM?

| | | |
|-------------------|-------------------------|----------------|
| TAXES | \$ 30,574,957.42 | 67.76% |
| PILOT/DEVELOPERS | \$ 3,080,000.00 | 6.83% |
| SEWER FEES | \$ 2,700,000.00 | 5.98% |
| FUND BALANCE | \$ 3,063,000.00 | 6.79% |
| STATE AID | \$ 1,618,889.78 | 3.59% |
| GRANTS | \$ 339,659.38 | 0.75% |
| CONSTRUCTION FEES | \$ 950,000.00 | 2.11% |
| RECREATION FEES | \$ 950,000.00 | 2.11% |
| MISCELLANEOUS | \$ 699,000.00 | 1.55% |
| COURT REVENUE | \$ 550,000.00 | 1.22% |
| WATER UTILITY | \$ 300,000.00 | 0.66% |
| GENERAL CAPITAL | \$ 295,305.32 | 0.65% |
| TOTAL | \$ 45,120,811.90 | 100.00% |

HOW WILL YOUR TAX DOLLARS BE ALLOCATED?



HOW WILL YOUR TAX DOLLARS BE ALLOCATED

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

| | | | |
|--------------------------------|-------------------|----------|---|
| ADMINISTRATION & EXECUTIVE S&W | \$ 81,000.00 | 18.04% | Added Planning & Zoning Officer |
| MUNICIPAL CLERK O/E | \$ 97,200.00 | 173.42% | Increased Election Costs and Statutory Document Retention Program |
| IT S&W | \$ 36,500.00 | 20.74% | New IT Director and IT Technician |
| IT O/E | \$ 36,650.00 | 15.30% | Reallocation of Software Contracts to IT Budget |
| MAYOR & COUNCIL S&W | \$ 60,000.00 | 0.00% | New Line Item |
| ENGINEERING S&W | \$ 87,000.00 | 158.18% | Adding Engineer Staff Position |
| ENGINEERING O/E | \$ (51,000.00) | -27.35% | Reducing Engineering Consulting Services |
| EMPLOYEE GROUP BENEFITS | \$ (701,921.63) | -26.39% | SEFD EMPLOYEES REMOVED FROM BILLING |
| GENERAL LIABILITY/WORKERS COMP | \$ (172,961.00) | -15.57% | SEFD EMPLOYEES REMOVED FROM BILLING |
| FIRE S&W | \$ (4,226,000.00) | -100.00% | COMBINED ACCOUNTS |
| FIRE O/E | \$ (455,000.00) | -94.79% | |
| SOUTH ESSEX FIRE DEPARTMENT | \$ 5,500,000.00 | 0.00% | |
| POLICE S&W | \$ 124,000.00 | 1.83% | Contractual Increases |
| POLICE O/E | \$ 92,950.00 | 11.89% | Moved CISW contract from Health Dept Budget |
| PUBLIC WORKS S&W | \$ 84,500.00 | 4.71% | Contractual Increases |
| HEALTH S&W | \$ (129,000.00) | -99.23% | COMBINED ACCOUNTS |
| SHARED - HEALTH DEPARTMENT | \$ 120,545.00 | 0.00% | |
| HEALTH O/E | \$ 95,885.00 | 92.06% | |

* Year over year changes are not straightforward due to dissolution of SOFD in 2023 and the related impact on statutory expenses.

HOW WILL YOUR TAX DOLLARS BE ALLOCATED

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

| | | | |
|-------------------------------|------------------------|----------------|--|
| RECREATION S&W | \$ 139,000.00 | 13.13% | Baird Center Opening New Program Staff |
| RECREATION O/E | \$ 104,600.00 | 10.95% | Baird Center Opening Increased Building Operations Costs |
| STREET LIGHTING | \$ 75,000.00 | 11.54% | Rate Increase |
| SOCIAL SECURITY | \$ (104,033.90) | -15.50% | SEFD EMPLOYEES REMOVED FROM BILLING |
| PFRS (PENSION) | \$ 129,049.00 | 4.47% | SEFD EMPLOYEES REMOVED FROM BILLING |
| MUNICIPAL LIBRARY O/E | \$ 289,854.08 | 126.02% | Statutory |
| MUNICIPAL LIBRARY S&W | \$ (65,000.00) | -7.10% | P/T staff reduction and employee retirement |
| JOINT TRUNK SEWER MAINTENANCE | \$ 76,018.02 | 6.00% | Joint Meeting |
| CAPITAL IMPROVEMENT FUND | \$ 50,000.00 | 33.33% | River Greenway Appropriation |
| BOND PRINCIPAL | \$ 205,000.00 | 4.64% | |
| NOTE PRINCIPAL | \$ 154,150.00 | 29.08% | |
| BOND INTEREST | \$ (181,300.00) | -14.70% | |
| NOTE INTEREST | \$ 497,900.00 | 94.82% | |
| RESERVE FOR UNCOLLECTED TAXES | \$ 25,000.00 | 1.72% | |
| AMERICAN RESCUE PLAN ACT | \$ 873,511.42 | 100.00% | ARPA FUNDS DEPLETED |

2024 CAPITAL BUDGET HIGHLIGHTS

Total 2024 Capital Request: \$8,125,000*

- River Greenway – \$4,120,000 (*\$2,700,000 grant reimbursement)
- New Waterlands Field Lights - \$1,800,000
- 2024 Roads and Sidewalks - \$900,000;
 - Church St. & Third St. (Church to So. Ridgewood Rd.)
 - Prospect St. (From Maplewood to Irvington Ave.)
 - North Ridgewood Rd. (From Tilou to Forest)
 - Mead St. (From Vose Ave. to North Ridgewood Rd.)
- Stormwater and Sewer Infrastructure - \$890,000
- DPW Front Trucks & Equipment - \$355,000
- Baird Center Basketball Court resurfacing - \$60,000

Financial Outlook: Revenue Sources – A Closer Look

- Positive Trends & Potential Sources:
 - Recreation Fees – Opening of Community Center April 2024
 - PILOT Revenue:
 - Taylor | Vose at 55% residential occupancy; 100% commercial
 - Meridia TCO issued for residential occupancy; commercial leases in process
 - Storage Platform TCO expected May 2024
 - Mosaic TCO expected spring 2025
 - 270-299 Irvington Avenue still in play
 - Grant Applications
 - Health Care Premium Relief:
 - Continue exploring new carriers

Financial Outlook: Revenue Sources – A Closer Look

- **Pilots** - \$ 3,080,000.00 or 7% of our anticipated 2024 revenue
 - \$330,000 increase over 2024 pilot revenue
 - Significant increases expected in 2025 with new developments
 - Possible future developments: 164 Valley & NJ Transit Lot/SOA



STORAGE PLATFORM



MOSAIC | SLOAN ST



TAYLOR | VOSE



MERIDA | 4TH & VALLEY



Financial Outlook: Revenue Sources – A Closer Look

- **2024 Grants**

1. River Greenway Grant - \$2,700,000
2. NJDOT Grants – \$483,000
3. NPP Grant - \$125,000/Year 3*
4. NJACCHO (Health Services) - \$100,000*
5. Safe Streets 4 All Planning - \$100,000
6. Essex County Youth Services Grant - \$10,000*
7. Clean Communities - \$34,435.50
8. Stormwater Assistance Grant - \$25,000
9. SOPD Grants, various - \$16,500
10. Municipal Alliance Grant - \$12,000

- **2024 Grant Applications, to date (Not included in 2024 Budget projections)**

1. Green Acres Grant (Cameron Recreation Area Upgrades)
2. NJ Transit Village Grant – Sidewalk Improvements, Kiosks, Bike Racks & Benches around train station
3. NJDOT Grant (2025 Road Improvements)
4. NPP Grant – Year 4

2024 Proposed Budget – Next Steps

- March 25: Public Comment on Introduced (BOT Meeting)
- April 8: Public Comment and Final Passage (BOT Meeting)

QUESTIONS?