



Budget Presentation

January 13, 2020

Proposed Hearing Schedule

- January 13: Budget schedule review, Open Space Trust Fund, Five Year Capital.
- January 27: Utilities budget Review & Utility Surplus Discussion.
- February 10: Initial Budget Discussion & Municipal Surplus Discussion.
- February 24: Department Head Presentations.
- March 2: Revised Budget Presentation. Strategic Planning Guidelines and Alternate Budget Format presented.
- March 30: Official State Budget Introduction.
- April 27: Budget Adoption.

Agenda

- Discuss Annual Budget Process and Schedule
- Review the 2019 Open Space Trust Fund
- Review the 5 Year Capital Plan



BOROUGH OF MADISON

2019 BUDGET SUMMARY

This document was created to better inform Madison residents about the 2019 Municipal Budget. Earlier in the year, the Mayor and Council voted and/or deliberated on the 2019 budget at nine Council meetings. The Council unanimously approved the budget on April 22. Detailed information can be found on the "Annual Budget Process" page on www.rosenet.org.

ELECTRIC DIVIDEND INCREASED TO \$2 MILLION

During the 2019 budget process, Council approved a \$2 million electric dividend to be distributed to all customers. This dividend will automatically appear on your utility bill through December 2019. For residential customers, the credit is approximately a 10% reduction in your bill.

0% TAX INCREASE IN BUDGET

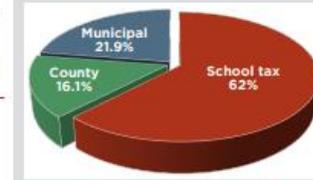
The Council passed a budget that includes a 0% municipal tax increase on existing properties. This was done by keeping expenses down & utilizing new revenues including payments from the development at the former Green Village Road School site.

THE BUDGET ALSO INCLUDES

- An increase in the targeted electric rebate for income-eligible residents from \$150 to \$200.
- No change in the level of services to residents.
- Extra funds for athletic field maintenance.
- \$\$ reserved for MRC turf reskinning & a commitment to pursue an additional turf field at the MRC complex.
- Buildout and support for the Madison Community Arts Center

MADISON TAX BILL BREAKDOWN

This chart illustrates the breakdown of taxes for each component of your property tax bill.



	2013	2019	6 Year \$ Inc.	6 Year % Inc.
County	\$1,781.42	\$2,121.70	\$340.28	19.1%
School	\$7,719.02	\$8,153.18	\$1,034.16	14.5%
Borough	\$2,802.24	\$2,888.98	\$86.74	3.1%
Total	\$11,702.68	\$13,163.86	\$1,461.18	

This table shows all of the parts of a tax bill for a property assessed at \$667,200.



WHAT DO YOU GET?

An average home valued at \$667,200, received a property tax bill of \$13,163.86. The municipal portion of this tax bill is \$2,888.98. For this amount, the residents of that home will receive the following services & programs:

MUNICIPAL SERVICES

- Garbage & Recycling Pickup
- Yard Waste & Fall Leaf Pickup
- Road Plowing & Maintenance
- Recreation & Parks Maintenance
- Senior Citizen Services
- Library
- Police Department & Crossing Guards
- Fire Department & Fire Safety
- Sewage Treatment
- Health Department
- Administration/Elections/Records
- Construction/Planning/Zoning

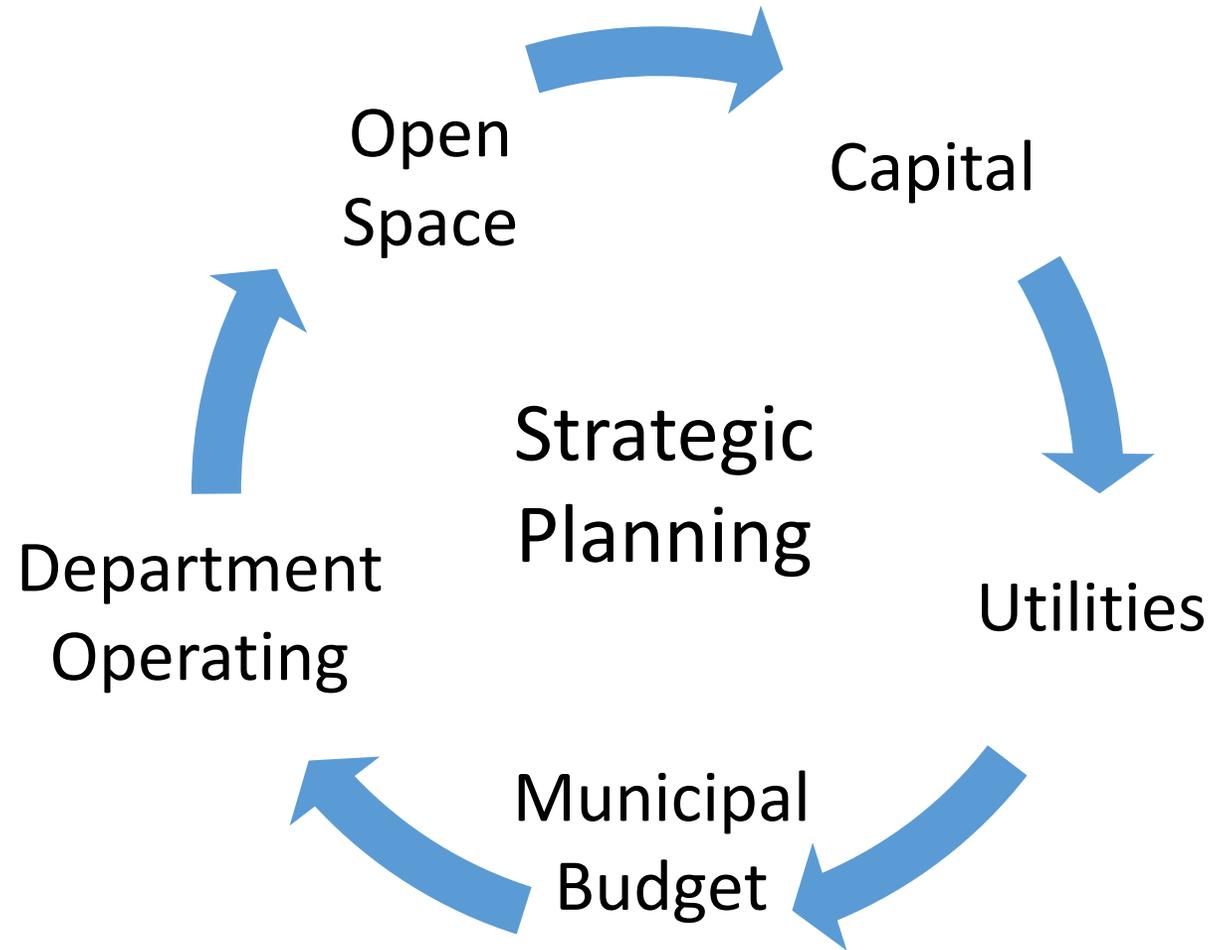
CAPITAL

- Road Maintenance & Reconstruction
- Electric & Water Utility Infrastructure
- Sewage & Storm Water Systems
- Hartley Dodge, Library & other Buildings
- Parks & Recreation Fields
- Fire Trucks & Large Apparatus
- Public Works Equipment & Vehicles

HOW PROPERTY TAXES AND SERVICES COMPARE TO OUR NEIGHBORS

Town	2018 Per Person Municipal Tax	Garbage Included in taxes?	Curbside Yard Waste?	Sewer Included in taxes?	Fall Curbside Leaf Pickup?	Paid, Professional Fire Dept.?	Senior Center & Van?
Madison	\$845	Yes	Yes	Yes	Yes	Yes	Yes & Yes
Chatham Twp	\$845	No	No	No	No	No	Yes & Yes
Chatham Boro	\$882	No	Yes	No	Yes	No	Yes & Yes
Morris Twp	\$993	Yes	Yes	No	Yes	Yes	Yes, but no van
Florham Park	\$1,104	No	Yes	No	Yes	No	Yes, but no van
Harding	\$1,479	No	No	No	No	No	No

The budget cycle



Three entities

When Council votes to adopt the budget, they are approving the year's **OPERATING** budgets for three entities:

Current Fund: This is the “main budget” and includes police, fire, public works, buildings & grounds, library, sewage, garbage, recycling, yard waste, clerk, court, construction, seniors, finance, administration, etc.

Electric Utility: Field operations, back office and billing.

Water Utility: Field operations, back office and billing.

Three Capital Accounts

When Council votes on the budget, you are voting on the OPERATING budgets for the current fund, water utility and electric utility. Capital items are voted on via separate capital ordinances throughout the year.

Each of the three entities has a Capital Account... the General Capital Fund (for the current fund), Electric Capital Fund and Water Capital Fund. When you vote on a separate capital ordinance, the funds for that ordinance typically come from the capital fund.

Each operating budget includes a line for capital. That is the amount of \$\$ that is being taken from the operating account and transferred into the capital account to fund future projects.

Budget or spending plan?

The word 'budget' is used, but 'spending plan' is a better term. When council approves the budget, they are approving the amount of money that will be spent for the entire year.

A business can typically change their budget during the year. Example.... They get a new contract so they decide to expand the business. The same holds true for a personal budget. If someone gets a promotion, they may go out and make additional purchases that year.

That is not the case for a municipal budget. The amount for snow removal or fuel is set at the beginning of the year and (unless an emergency is declared) can not change, no matter what happens with the weather or fuel prices.

If the budget includes \$200,000 for snow removal, and only \$120,000 is spent, then the remaining funds become "surplus".

Open Space

Available balance is \$739,137

Upcoming Funding Requests/Projects
(over \$7 million in total costs)

- HDM Front Plaza
- HDM East Wing Renovation
- HDM Environmental Remediation
- Dodge Field Lighting
- Dodge Field Playground
- All access playground at MRC
- Additional turf field at MHS
- METC Repairs and remediation
- Lucy D field & playground improvements

Note \$89,038 was generated in User Fees and Field Rentals. This amount was transferred into reserves for reskinning MRC 1 & 2 turf.

Beginning Balance as of January 1, 2019		\$ 761,072
INFLOWS		
Tax Levy	\$ 642,001	
Field Rentals and User Fees	\$ 89,038	
Funds from reserved Green Acres grant to pay for land portion of 2019 debt	\$ 145,000	
Interest	\$ 23,081	
Dog Park at Memorial Park Matching Funds/Donations	\$ 5,180	
OUTFLOWS		
MRC Debt/Bond Payments		\$ 326,830
MRC DRE Common Area Maintenance Fee		\$ 10,000
Land Conservancy of NJ (R2-2019) and other professional services		\$ 8,300
MRC Conservation Management Plan (Ord 21-2019)		\$ 49,275
Dog Park at Memorial Park (Ord 22-2019)		\$ 18,797
Memorial Park Train Improvements (Ord 52-2019)		\$ 50,000
Luke Miller Retaining Wall		\$ 3,065
Dodge Field Bathrooms and Storage Building (ord 54-2019)		\$ 363,000
Wildflower Garden (R295-2018)		\$ 800
Field Rental & User Fees transferred to reserves for MRC turf reskinning		\$ 89,038
METC Repairs		\$ 7,130
Available Balance as of December 31, 2019		\$ 739,137

RESERVED FUNDS. The following funds are restricted and reserved for a specific project or purpose:

\$300,000 gift restricted to remediation and aquifer recharge

\$367,540 Reserve for MRC 1 & 2 turf reskinning

\$710,000 Green Acres Funds dedicated to paying down MRC land acquisition. (\$210,00 from prior grants and \$500,000 recently announced but not yet received.)

MRC Debt Schedule

	LONG TERM BOND PAYMENT SCHEDULE						land and turf total annual pymnt
	bond on land			bond on turf field			
	<u>princ</u>	<u>princ paid</u>	<u>interest paid</u>	<u>remaining princ</u>	<u>princ paid</u>	<u>interest paid</u>	
2013	\$2,888,000			\$1,263,000			
2014	\$2,743,000	\$145,000	\$85,795	\$1,178,000	\$85,000	\$34,035	\$349,830
2015	\$2,598,000	\$145,000	\$82,895	\$1,093,000	\$85,000	\$32,335	\$345,230
2016	\$2,453,000	\$145,000	\$79,995	\$1,008,000	\$85,000	\$30,635	\$340,630
2017	\$2,308,000	\$145,000	\$77,095	\$923,000	\$85,000	\$28,935	\$336,030
2018	\$2,163,000	\$145,000	\$74,195	\$838,000	\$85,000	\$27,235	\$331,430
2019	\$2,018,000	\$145,000	\$71,295	\$753,000	\$85,000	\$25,535	\$326,830
2020	\$1,873,000	\$145,000	\$66,945	\$668,000	\$85,000	\$22,985	\$319,930
2021	\$1,728,000	\$145,000	\$62,595	\$583,000	\$85,000	\$20,435	\$313,030
2022	\$1,583,000	\$145,000	\$58,245	\$498,000	\$85,000	\$17,885	\$306,130
2023	\$1,438,000	\$145,000	\$53,895	\$413,000	\$85,000	\$15,335	\$299,230
2024	\$1,293,000	\$145,000	\$49,545	\$328,000	\$85,000	\$12,785	\$292,330
2025	\$1,148,000	\$145,000	\$45,195	\$243,000	\$85,000	\$10,235	\$285,430
2026	\$1,003,000	\$145,000	\$40,845	\$158,000	\$85,000	\$7,685	\$278,530
2027	\$858,000	\$145,000	\$36,495	\$73,000	\$85,000	\$5,135	\$271,630
2028	\$713,000	\$145,000	\$31,783	\$0	\$73,000	\$2,373	\$252,155
2029	\$568,000	\$145,000	\$27,070				\$172,070
2030	\$423,000	\$145,000	\$21,995				\$166,995
2031	\$278,000	\$145,000	\$16,558				\$161,558
2032	\$133,000	\$145,000	\$11,120				\$156,120
2033	\$0	\$133,000	\$5,320				\$138,320
		\$2,888,000	\$998,875		\$1,263,000	\$293,563	

Five Year Capital Plan

Department / Projects	2020	2021	2022	2023	2024
Engineering & Public Works					
Road Reconstruction	1,610,000	1,960,000	1,240,000	1,020,000	510,000
Milling/Overlay/Lots/Sidewalks	1,065,000	1,015,000	715,000	820,000	720,000
Stormwater System	50,000	235,000	225,000	550,000	800,000
Sanitary Capital	575,000	710,000	470,000	300,000	335,000
Building Improvements	260,000	900,000	700,000	130,000	130,000
DPW, Parks & Equipment	360,000	550,000	550,000	270,000	130,000
EPW Subtotal =	3,920,000	5,370,000	3,900,000	3,090,000	2,625,000
Recreation	50,000	50,000	50,000	50,000	50,000
Police	70,000	140,000	30,000	100,000	90,000
Fire	578,500	137,500	308,500	437,500	437,500
Library	0	609,000	0	300,000	150,000
General Capital =	4,618,500	6,306,500	4,288,500	3,977,500	3,352,500
Electric Utility	1,100,000	1,000,000	605,000	360,000	360,000
Water Utility	1,090,000	1,075,000	825,000	880,000	900,000
Utility Capital =	\$ 2,190,000	\$ 2,075,000	\$ 1,430,000	\$ 1,240,000	\$ 1,260,000

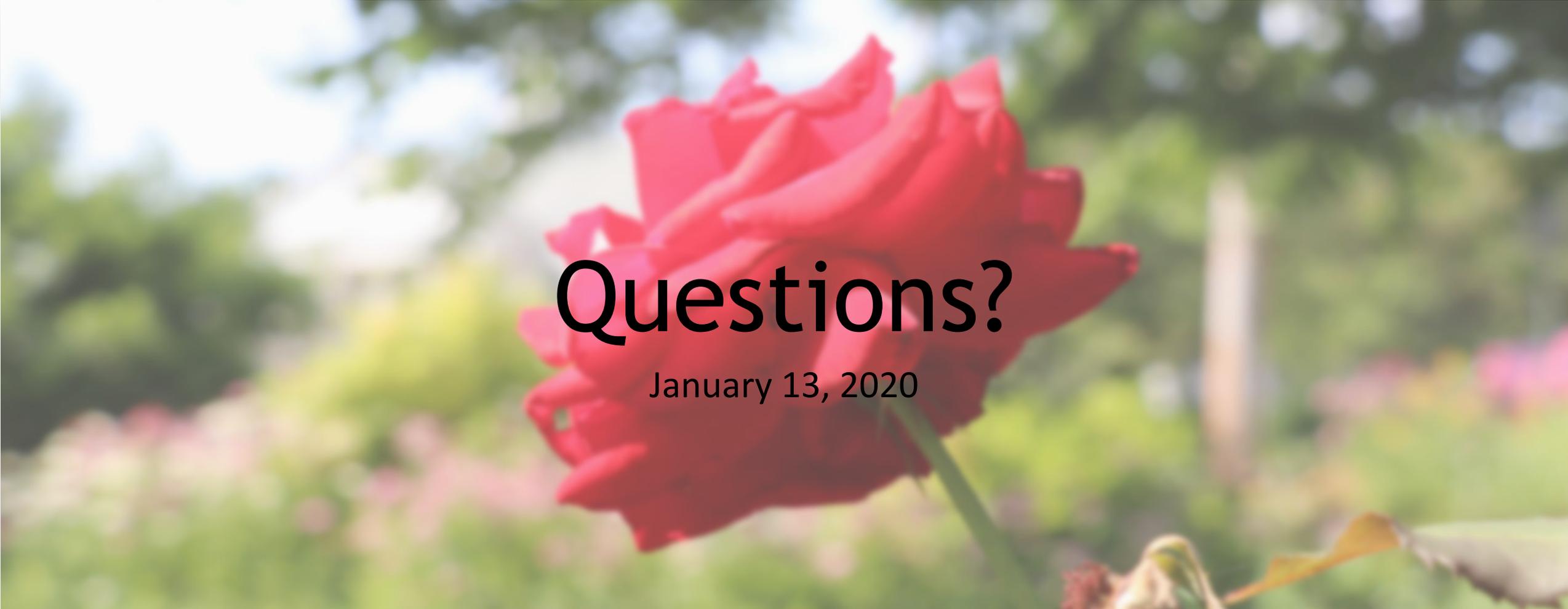
General Capital

\$4,618,500 capital needs are estimated in 2020.

Assuming that the operating budget will include \$3.5 million for capital.

There are sufficient dollars in the General Capital Fund and proposed 2020 budget to cover all of these proposed projects.

As such, this capital investment plan can be completely funded without borrowing.



Questions?

January 13, 2020