



**Proposed FY '23 Borough Budget
Public Hearing & Adoption Presentation
April 10, 2023**

Finance Committee Priorities

- *Manage critical budget trends & prepare for recessions*
- *Maintain a disciplined approach to debt management and plan for future capital needs responsibly*
- *Invest capital and open space funds to compound value and ROI for residents*
- *Support opportunities to diversify and strengthen tax base*
- *Make Bernardsville the municipal employer of choice - even in a tight job market*

Finance Committee Priorities

Manage critical budget trends & prepare for recessions

- Protect AAA bond rating
- Maintain healthy surplus to buffer against economic slowdown
- Maintain healthy surplus to capitalize on higher interest rates
- Test health insurance market every 6-month and look to enter in regional Health Insurance Fund (HIF) with no loss in quality
- Plan capital projects and be prepared to execute when interest rates are reduced if possible

Maintain a disciplined approach to debt management and plan for future capital needs responsibly

- Adopt a pay-as-you-go approach to recurring expenses
- Maintain a smooth debt payment schedule to avoid debt spikes as a percentage of budget
- Identify opportunities for shared services

Finance Committee Priorities

Invest capital and open space funds to compound value and ROI for residents

- Continue to focus on critical infrastructure projects such as roads to minimize costly reconstruction costs
- Improve and fortify sewer system; the backbone of economic development
- Eliminate liabilities (i.e., dam removal project)
- Walkability of the downtown area (i.e., train station walkway)
- Park system investments to optimize existing assets

How is this Achieved?

Support opportunities to diversify and strengthen tax base

- Stable property tax environment
- Expand downtown customer base through various programming (Downtown Bernardsville) and redevelopment initiatives to revitalize commercial sector
- Focus on pedestrian enhancements
- Pursue opportunities to fill and improve long vacant commercial buildings (Audi & Train Station)

Finance Committee Priorities

Make Bernardsville the municipal employer of choice

- Continue to invest in equipment and training
- Continue to promote the efforts of non-profits groups such as the Library Foundation, Bernardsville Law Enforcement Foundation, & various sports group that directly assist the team
- Continue to recognize the inflationary pressures on our employees & families
- Pursue better health insurance options as previously stated

Distribution of Municipal Property Tax Levy

Distribution of Local Property Tax Dollar



SCHOOLS
\$57.75

COUNTY
\$15.07

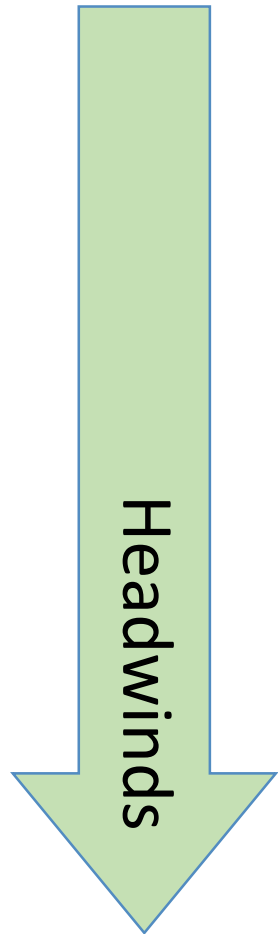
LIBRARY
\$1.43

COUNTY OPEN SPACE
\$1.60

MUNI. OPEN SPACE
\$0.99

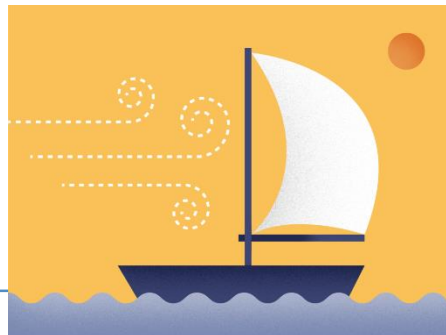
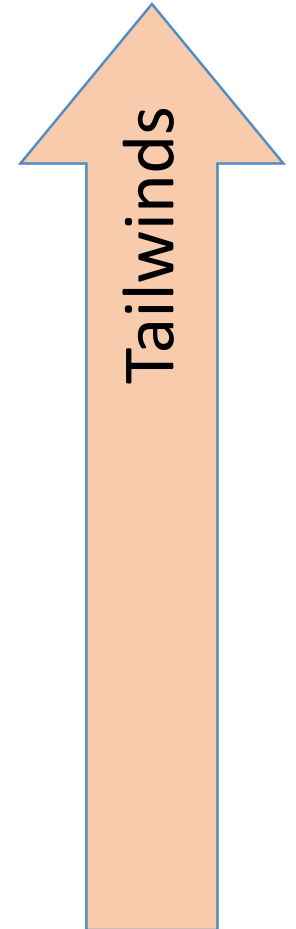
BOROUGH
\$23.16

Budget Environment



Stagnant State Aid (14 yrs)
Steady debt service increases until FY '32
Higher costs due to inflation (building materials, diesel fuel, etc.)
Very competitive labor market
Unsustainable health insurance increases under SHBP (for Borough and its employees)

Continued Positive Valuation
Strong interest in redevelopment
Critical infrastructure being addresses
Ongoing retirement of accumulated leave obligation
Leveling off of 2014 Road Bond schedule in 2023



Tax Rate Decrease & No Tax Rate Increase for Second Consecutive Year

- 2023 – Slight decrease in rate
- 2022 – Tax rate was flat

Bottom Line!

	2023 Proposed	2022 Adopted	\$ Difference	% Difference
Total Budget (In & Out Caps)	\$ 17,726,301	\$ 16,885,864	\$ 840,437	4.98%
Within Caps	\$ 10,483,938	\$ 10,257,170	\$ 226,768	2.21%
Amount Raised By Taxes*	\$ 12,266,247	\$ 11,841,321	\$ 424,926	3.59%
* One Percent is dedicated to road capital improvement per referendum.				

Bottom Line!

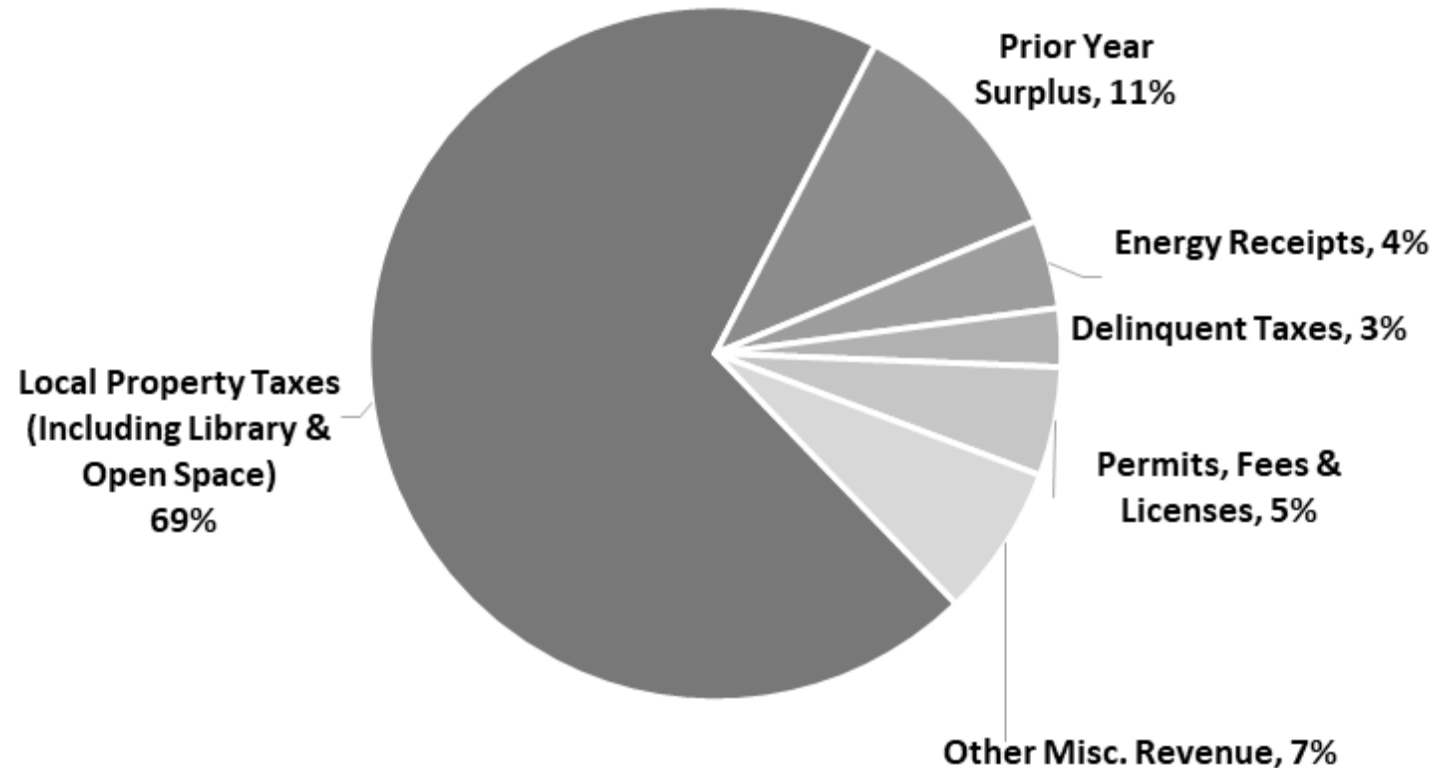
2023 AVERAGE ASSESSMENT					
\$844,343.33					
	2023 TAX RATE	2023 EST. BILL	2022 TAX RATE	2022 BILL	DIFFERENCE
MUNICIPAL	0.470	\$ 3,965.99	0.474	\$ 4,002.19	\$ (36.19)
LIBRARY	0.032	\$ 274.03	0.032	\$ 270.19	\$ 3.84
MUNICIPAL OPEN SPACE	0.020	\$ 168.87	0.020	\$ 168.87	\$ -
TOTAL	0.522	\$ 4,408.89	0.526	\$ 4,441.25	\$ (32.35)
<i>Portions of the property tax bill over which the Borough Council has jurisdiction.</i>					

Increases of Note - FY '23 (Non-Salary)

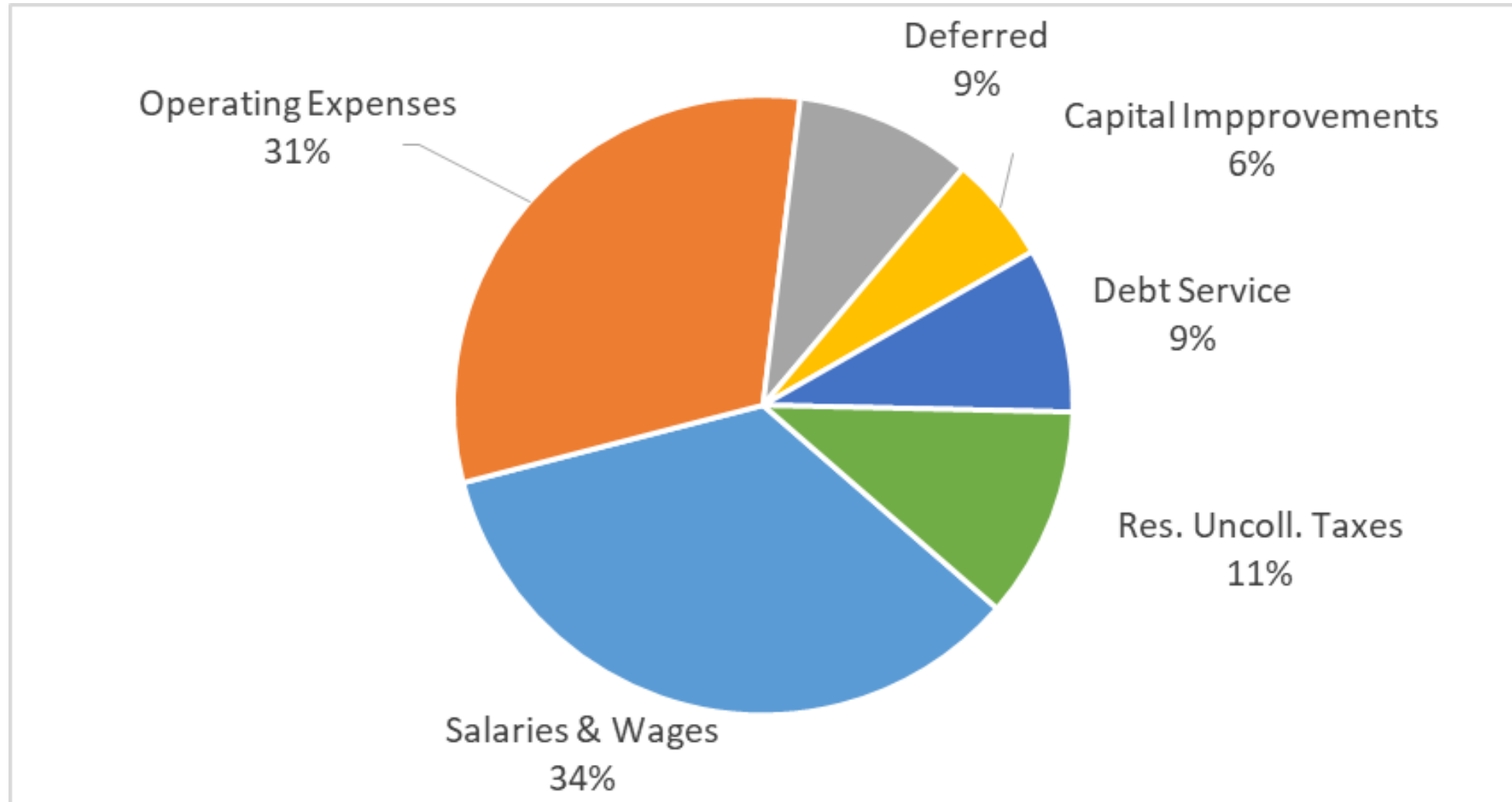
Direct Intake of ARP to Capital	\$ 397,000
Police Retirement System (State)	\$ 130,000
Recreation & Pool Expenses	\$ 93,000
Health Benefits Increase (State)	\$ 66,000
Library Supplemental	\$ 40,000
Buildings & Grounds (Added Properties)	\$ 30,000

Revenue Summary \$17,726,301

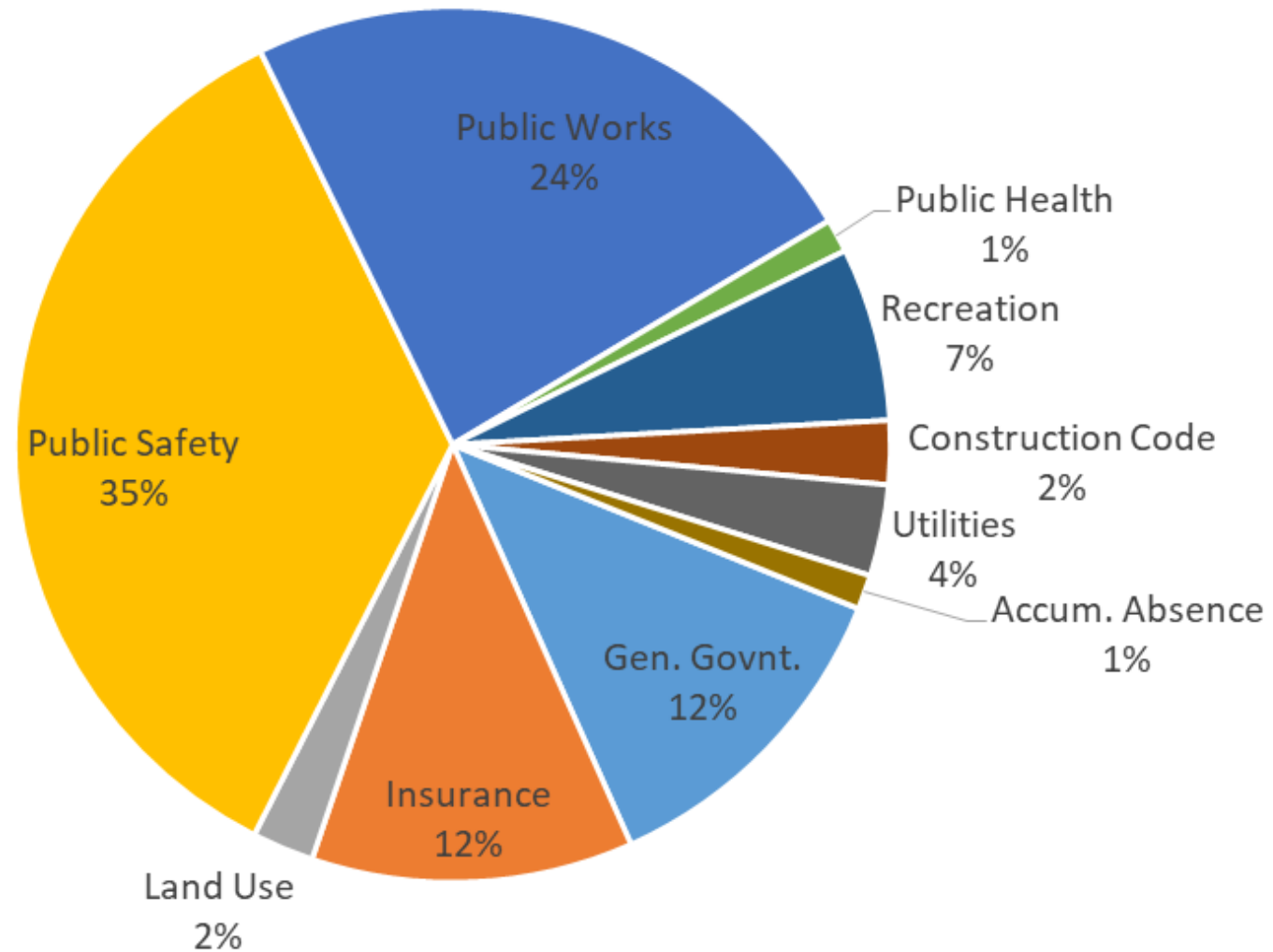
	2022	2023
Local Property Taxes	73%	69%
Prior Year Surplus	10%	11%
Energy Receipts	4%	4%
Delinquent Taxes	3%	3%
Permits, Fees & Licenses	5%	6%
Other Misc. Revenue	6%	7%



Municipal Appropriations \$17,726,301



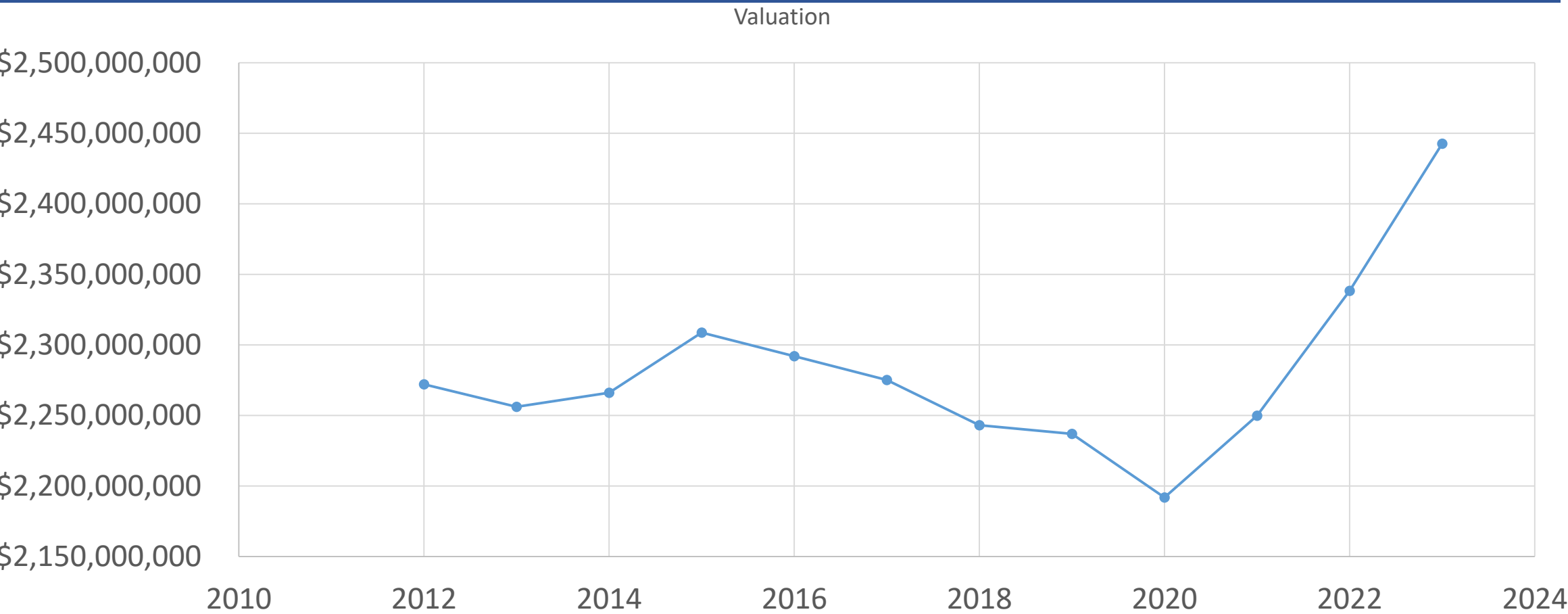
Operations Apportionment



Borough Valuation

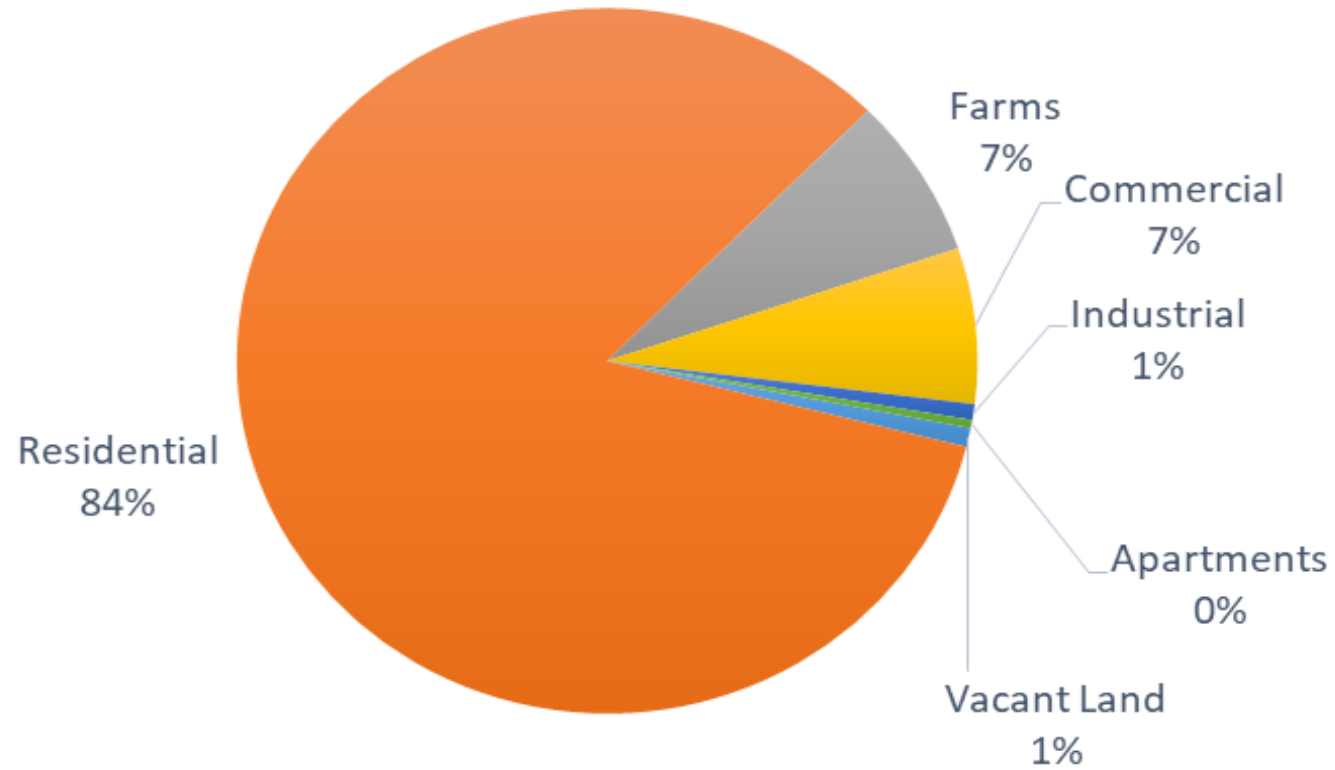
2023 = \$2,442,659,000
2022 = \$2,338,418,670
2021 = \$2,251,402,467

Growth from '20 to '21= \$59,500,959
Growth from '21 to '22 = \$88,603,303
Growth from '22 to '23 = \$104,240,530



Sources of Borough Valuation

\$2,338,418,670



State Aid No Increase Over 2022

STATE AID			
2022	\$	666,749	
2021	\$	662,172	
2020	\$	662,172	
2019	\$	662,172	
2018	\$	662,172	
2017	\$	662,172	
2016	\$	662,172	
2015	\$	662,172	
2014	\$	662,172	
2013	\$	662,172	
2012	\$	662,172	
2011	\$	662,172	
2010	\$	662,172	
2009	\$	865,019	
2008	\$	939,675	

Capital Program for FY '23

<u>DEPARTMENT</u>	<u>PROJECT/ITEM</u>	<u>AMOUNT</u>
POLICE/OEM	SUV	\$ 60,000.00
POLICE/OEM	VEHICLE TECHNOLOGY FOR 2 NEW VEHICLES	\$ 26,000.00
POLICE/OEM	IMPROVEMENTS TO HEADQUARTERS	\$ 30,000.00
POLICE/OEM	RADIOS	\$ 32,000.00
POLICE/OEM	TECHNOLOGY UPGRADES FOR HEADQUARTERS	\$ 25,000.00
POLICE/OEM	NEW ANTENNAS FOR COUNTY RADIO TOWER	\$ 5,000.00
POLICE/OEM	POLICE BALLISTIC VESTS	\$ 5,000.00
POLICE/OEM	HQ GENERAL EQUIPMENT & FURNITURE	\$ 5,000.00
POLICE/OEM	RADAR SIGNS	\$ 6,000.00
POLICE/OEM	VEHICLE LICENSE PLATE READER	\$ 23,000.00
	DEPARTMENT TOTAL	\$ 217,000.00

Capital Program for FY '23

PROJECT MANAGEMENT	DAM REMEDIATION	\$ 1,700,000.00
PROJECT MANAGEMENT	BERNARDS AVE SIDEWALKS	<u>\$ 500,000.00</u>
	DEPARTMENT TOTAL	\$ 2,200,000.00
STREETS & ROADS	BRUSH CHIPPER	\$ 100,000.00
STREETS & ROADS	BACKHOE	<u>\$ 160,000.00</u>
	DEPARTMENT TOTAL	\$ 260,000.00

Capital Program for FY '23

BUILDINGS & GROUNDS	SWIM POOL PARKING LOT	\$ 30,000.00
BUILDINGS & GROUNDS	LIBRARY DOORS	\$ 25,000.00
BUILDINGS & GROUNDS	WIDE FORMAT PRINTER/PLOTTER	\$ 8,000.00
BUILDINGS & GROUNDS	FENCE AT POLE BARN	\$ 10,000.00
BUILDINGS & GROUNDS	FENCE AT SWIM POOL	\$ 10,000.00
BUILDINGS & GROUNDS	ALTERATIONS TO 251 CLAREMONT RD	\$ 50,000.00
BUILDINGS & GROUNDS	ROSEBOWL ELECTRICAL/LIGHT CONTROLS	\$ 7,000.00
BUILDINGS & GROUNDS	REPLACE CRACKED DECK SLABS AT SWIM POOL	<u>\$ 15,000.00</u>
	DEPARTMENT TOTAL	\$ 155,000.00

Capital Program for FY '23

SEWER	PICK-UP TRUCK W/ LIFT GATE & PLOW	\$ 80,000.00
SEWER	ENGINEERING FOR PISTA GRIT REPLACEMENT	\$ 100,000.00
SEWER	MORRIS AVE PUMPING STATION	\$ 187,500.00
SEWER	WATER MAIN EXTENSION TO WWTP	\$ 100,000.00
	DEPARTMENT TOTAL	\$ 467,500.00
ASSESSOR	COMPUTER EQUIPMENT	\$ 1,000.00
	DEPARTMENT TOTAL	\$ 1,000.00
CONST/ ZONING	PLOTTER	\$ 8,000.00
	DEPARTMENT TOTAL	\$ 8,000.00
FIRE/EMS	PARTIAL TURNOUT GEAR REPLACEMENT	\$ 35,000.00
FIRE/EMS	UPGRADE OF PAGERS FOR FIRST RESPONDERS	\$ 35,000.00
	DEPARTMENT TOTAL	\$ 70,000.00
	TOTAL - ALL REQUESTS	\$ 3,378,500.00
	GENERAL CAPITAL (CASH)	\$ 711,000.00
	GENERAL CAPITAL (BOND)	\$ 2,200,000.00
	SEWER CAPITAL	\$ 467,500.00

Summary

- Property tax rate DECREASES despite significant headwinds faced by Borough
- Improved valuations + new construction allows for stable tax rate
- Budget focused on key priorities (Recreation Improvements, increased Library funding, Bernards Ave, talent retention, etc.)
- Capital improvements to focus on road improvements, parks & recreation master plan, downtown attractiveness and other high priority projects
- Restoration of State Aid would further alleviate tax burden on residents

APPENDIX

BOROUGH CONTRIBUTIONS TO LIBRARY 2008-2023

			BOROUGH		BOROUGH	TOTAL	LIBRARY		
		BUDGET W/	OPERATIONS SHARE		OPERATIONS SHARE	BOROUGH	REIMBURSEMENTS	DOLLARS ALLOCATED	
YEAR	STATE MANDATE	BOROUGH SUPPLEMENT	(ELECTRICITY)		(OTHER)	SHARE	TO BOROUGH	ABOVE STATE MANDATE	
2005	\$ 692,222.58	\$ 692,225.00	\$ -		\$ -	\$ 692,225.00	\$ -	\$ 2.42	
2006	\$ 792,153.47	\$ 792,153.00	\$ -		\$ -	\$ 792,153.00	\$ -	\$ (0.47)	
2007	\$ 849,769.81	\$ 849,770.00	\$ -		\$ -	\$ 849,770.00	\$ -	\$ 0.19	
2008	\$ 881,354.69	\$ 881,335.00	\$ -		\$ -	\$ 881,335.00	\$ -	\$ (19.69)	
2009	\$ 886,845.97	\$ 886,845.00	\$ -		\$ -	\$ 886,845.00	\$ -	\$ (0.97)	
2010	\$ 860,106.21	\$ 897,085.00	\$ -		\$ -	\$ 897,085.00	\$ -	\$ 36,978.79	
2011	\$ 851,877.94	\$ 897,085.00	\$ 18,000.00		\$ 18,317.51	\$ 933,402.51	\$ 3,812.44	\$ 77,712.13	
2012	\$ 820,215.00	\$ 897,085.00	\$ 18,000.00		\$ 18,311.42	\$ 933,396.42	\$ 5,875.29	\$ 107,306.13	
2013	\$ 807,899.00	\$ 897,085.00	\$ 30,000.00		\$ 22,942.75	\$ 950,027.75	\$ 2,162.34	\$ 139,966.41	
2014	\$ 785,344.00	\$ 897,085.00	\$ 30,000.00		\$ 41,395.68	\$ 968,480.68	\$ 5,874.33	\$ 177,262.35	
2015	\$ 790,049.00	\$ 897,085.00	\$ 30,000.00		\$ 31,557.96	\$ 958,642.96	\$ 3,269.84	\$ 165,324.12	
2016	\$ 767,653.08	\$ 897,085.00	\$ 30,000.00		\$ 42,170.78	\$ 969,255.78	\$ 1,880.42	\$ 199,722.28	
2017	\$ 770,863.34	\$ 913,085.00	\$ 21,000.00	(2)	\$ 40,000.00	\$ 974,085.00	\$ -	\$ 203,221.66	
2018	\$ 772,290.56	\$ 936,402.00	\$ -	(3)	\$ 60,386.69	\$ 996,788.69	\$ 4,082.25	\$ 220,415.88	
2019	\$ 753,815.61	\$ 947,630.04	\$ -		\$ 43,895.06	\$ 991,525.10	\$ -	\$ 237,709.49	
2020	\$ 754,094.62	\$ 891,782.60	\$ -		\$ 50,543.36	\$ 942,325.96	\$ -	\$ 188,231.34	
2021	\$ 748,406.49	\$ 852,082.00	\$ -		\$ 53,425.37	\$ 905,507.37	\$ -	\$ 157,100.88	
2022	\$ 755,819.53	\$ 852,082.00	\$ -		\$ 35,627.74	\$ 887,709.74	\$ -	\$ 131,890.21	
2023	\$ 792,753.97	\$ 891,904.34	\$ -		\$ -	\$ 891,904.34	\$ -	\$ 99,150.37	
TOTALS	\$ 15,133,534.87	\$ 16,666,890.98	\$ 177,000.00		\$ 458,574.32	\$ 17,302,465.30	\$ 26,956.91	\$ 2,141,973.52	(4)

(2) - ANTICIPATED BUDGETED LINE ITEM FOR 30% REDUCTION IN ELECTRICAL COST DUE TO NEWLY INSTALLED HVAC UNITS INSTALLED BY THE BOROUGH

(3) - ELECTRICITY BUDGET ADDED TO GENERAL CONTRIBUTION BUDGET FOR 2018