

TOWNSHIP OF BYRAM

NEW JERSEY

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TO: Byram Township Mayor and Council

DATE: February 25, 2016

RE: 2016 Municipal Budget Message

INTRODUCTION

Every year the Township Council is called upon to establish municipal policy through the adoption of the Municipal Budget. While the Manager and staff prepare recommendations in the form of a draft document, the Council must ensure that the adopted budget adequately satisfies the needs of the community and serves the best interests of the Township.

The approval and adoption of the Municipal Budget includes the budget for the Open Space Tax and the Sewer Utility.

The Township's Open Space Dedicated Trust Fund is funded through the dedication of an Open Space Tax that is not to exceed \$0.02 per \$100 of assessed valuation of each annual tax levy. For 2016, the Township anticipates raising \$110,430 or \$.01 for each \$100 of assessed valuation. The Open Space Tax cannot be eliminated as future receipts were committed to cover the debt service of Open Space Bonds that were issued in 2005 and are scheduled to expire in 2024. Also, the funds are used to support the maintenance and development of open space parcels that have been purchased with the open space tax.

The Township's Sewer Utility is supported by fees collected from users of the system. The Sewer Utility has its own separate budget. For 2015, the Operating Budget was restructured reducing the Salary and Wage and Operating Expenses portion of the budget by \$30,244. This supported a five percent reduction of user fees. The Operating Budget is remaining flat for 2016. In 2017, there may be an opportunity for an additional reduction of the user fees when the legacy debt obligations for the establishment of the utility are fully paid.

The capital program for the Township's Sewer Utility includes rehabilitation of the pump station located on the municipal complex as there was a catastrophic failure at the end of 2015. Also, in 2015 the Township's sanitary sewer engineer completed an inspection of the system providing a report that contains a renewal and replacement fund analysis for each of the system's critical structures and equipment. The elimination of the original debt service obligation provides the opportunity to issue new debt that will support the renewal and rehabilitation of the system with a much lower debt service obligation.

The 2016 municipal budget including the Capital Improvement Program and Private Programs Offset by Revenues totals \$11,075,837.

APPROPRIATIONS

Appropriations are the platform that allows local government to deliver services to its residents. Overall, this budget plan is presenting an increase in appropriations totaling \$198,487 after excluding Public and Private Programs (Grants) Offset by Revenues.

General Government, Public Safety, Public Works and Community Programs include all the Salary & Wages and Operating Expenses for each of the Township’s departments. Overall these categories of expenses resulted in a \$34,550 increase. Summary of changes include:

- Applied Changes to Departmental Salary and Wages:
 - PBA, Clerical and DPW contractually receive a salary and wage increase of 2.0%. The same increase was applied to non-union employees.
 - Accounted for changes in longevity (PBA) and contractual steps (PBA & DPW).
 - Updated Police salary and wages to reflect appointment of new Chief of Police, addition of a new hire (academy level) and sergeant and lieutenant promotions. Salary breakage was moved to new account for purchase of new vehicles to replace police car that was totaled in an accident. Insurance money will be treated as Miscellaneous Revenue Not Anticipated.
- Tax Collection Operating Expenses includes Shared Services Agreement with Newton for Tax Collector.
- The planning budget for Affordable Housing was increased \$30,000 for update and litigation related to the Township’s Housing Element and Fair Share Housing Plan. This increase was offset by an equal \$30,000 increase of Fund Balance.

Other expenses of the Township that are not tracked by department include utilities, insurances, statutory expenses, pension expenses, garbage, debt service, deferred charges, capital improvements and the reserve for uncollected taxes. Overall these increased \$163,937.

Significant dollar changes were seen in the following appropriations:

Pension Payments	Increased	\$ 52,113
PERS – Increased \$9,126		
PFRS – Increased \$39,987		
DCRP – Increased \$3,000		
Garbage Contract	Increased	\$ 12,000
General Liability Insurance (4.9%)	Increased	\$ 8,958
Workers Compensation Insurance (3.5%)	Increased	\$ 3,366

REVENUES

Municipal Operations and the Capital Improvement Program are supported by a variety of revenues. These sources include current property taxes (75.27%), Miscellaneous Revenues

including State Aid (9.20%), Fund Balance (surplus) 12.37% and Receipts from Delinquent Taxes (3.16%).

The Township received notification that the State Fiscal Year 2016 budget proposes level aggregate funding for Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR). The proposed State aid CMPTRA and ETR for 2016 totals \$575,475 or 5.20% of the total revenues. Also, we received notification that the Township should anticipate Garden State Trust PILOT (Payment in Lieu of Taxes) funding at the same level. The Township will receive \$41,920 in PILOT funding.

Other Miscellaneous revenues anticipated comprise 3.44% of the revenues. These anticipated revenues include Court Fees, Uniform Construction Fees, Interest on Investments, Interest and Costs on Taxes, and Fees and Permits.

The amount of Fund Balance committed to the 2016 budget is \$1,370,102 which is an increase of \$30,000. This increase offset the increase in the planning budget for Affordable Housing of \$30,000 for update and litigation related to the Township's Housing Element and Fair Share Housing Plan.

This budget plan has property taxes representing 75.27% or \$8,337,180 in revenues. In 2015, budgeted property taxes totaled \$8,154,343 of the revenues. This budget plan is a 2.2 % or \$182,837 increase of the tax levy.

TAX RATE

The 2016 municipal budget calls for an estimated municipal rate increase of .021 for each \$100 of assessed value using the net valuation of \$925,408,700. This increase represents an estimated \$55.26 annual municipal tax increase for the average assessed home of \$253,264.

SUMMARY

In summary, the challenge with this budget and future budgets is to be able to maintain the same level of services for the Township residents while costs continue to increase, the growth of the Township's ratable base remains restricted, and miscellaneous revenues decrease resulting in a higher reliance on property taxes. The Township continues to hold the line on departmental operating expenses.

The 2016 municipal budget plan, as presented, limits impacts to current service levels in a difficult operating environment. These services are being preserved as best they can be in accordance with the expectations of the Township's residents which add to the quality of life for all taxpayers in Byram.

Respectfully Submitted,



Joseph W. Sabatini, Township Manager