

TOWNSHIP OF BYRAM

NEW JERSEY

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TO: Township Council

FROM: Joseph W. Sabatini, Township Manager

DATE: November 2, 2017

RE: PRELIMINARY VIEW (ESTIMATED) 2018 Municipal Budget

Disclaimer:

The 2018 Budget Process has started with the Township Department Heads.

The Department Heads were instructed the following for their 2018 department budget requests:

1. Each sub-account in the departmental budgets starts at zero.
2. The Department Head needs to provide detailed justification of each sub-account request in lieu of pointing to prior years' allocations as the starting point.
3. Populate the "2018 Requested" column with the total for each sub-account.
4. Budgets will not be accepted without the detailed justification.
5. Each department operating budget needs to target a 10% reduction from the final 2017 operating budget.
6. In the detailed justification for each sub-account, the department head must identify what needs to be cut to support 10% reduction with an explanation of impact.

Salary and Wages have been populated with contractual obligations (steps and longevity) and anticipated changes for staffing. This version of the budget is presented with a 0% increase of Salary and Wages

Other categories of expenses have been estimated based on prior year experiences. It is too early in the budget process to provide an accurate view of the budget since most of budget line items will not be known until the end of this year or early 2018.

All departments have submitted initial budget requests providing the impact of a 10% reduction with the exception of the Police Department and Fire Department. The Police Department has requested an increase of \$8,500 or 8.63% of the department's operating budget. Also, the department is requesting to use the savings (\$31,000) of the radio communications agreement to go toward the purchase of a second new police car in 2018. Something to consider is to increase the budget minimally to support a program of leasing police cars with a schedule of leasing four police cars every three years. The Fire Department has requested an increase of \$5,455 or 8.59% of the department's operating budget.

For the purposes of this early presentation of the budget, all Operating Expense budgets for each of the departments have been kept flat from 2017.

Summary of Estimated Expenses:

- Salary and Wages:
 - Budget is presented with a 0% increase of Salary and Wages.
 - All three Collective Bargaining Groups (Clerical, DPW and Police) are currently in contract negotiations.
 - Applied contractually required salary increases for steps and changes of longevity for Police.
 - ✓ Police Officers (minimum increase \$21,500)
 - 4 employees will receive increased longevity.
 - 2 employees in steps.
 - No change to overtime budgets for Police or DPW.
 - Staff Changes Include:
 - ✓ Tax Collection:
 - Budgeted for CMFO to be appointed Tax Collector.
 - Budgeted for Part-time position in Tax Collection Department.
 - ✓ Recreation Director has announced retirement effective January 1, 2018. The Mayor and Council needs to define future goals and objectives of recreation in the Township. Maintaining the current level or approach of providing recreation programs in the Township cannot be effectively administered with one full-time employee.
 - ✓ The position of Township Planner was eliminated when the Township's Planner passed away in 2010. The 2017 Municipal Budget included \$25,000 to appoint a program facilitator to own the implementation of the Township's Sustainable Economic Development Plan. The Mayor and Council need to discuss the need for resources to the support the Township's goals and objectives for economic development and future planning.
 - ✓ The Township does not have a Qualified Purchasing Agent (QPA) and as a result the Township's bid threshold is \$17,500 which includes aggregation. If the Township had a QPA the Mayor and Council could establish a bid threshold as high as \$40,000. The Township supports a decentralized purchasing model with the Department Heads accountable to ensure procurement is compliant with the Local Public Contracts Law. The Manager ensures requests for purchases of goods and services are supported by the budget plan, and together with the Township's CMFO ensure compliance with Local Public Contracts Law. The CMFO certifies funds. If the Mayor and Council's goals and objectives want to centralize purchasing and establish a more aggressive approach with public bidding, then consideration toward appointing a QPA should be considered.
 - ✓ We have received notification that a DPW employee will be retiring May 1, 2018. A plan for replacement needs to be defined. Ideally, we would like a new employee to start prior to May 1.
- General Liability and Workers' Compensation Insurance – applied a 2% increase.
 - Applied preliminary rates for Group Insurance (Medical/Rx Increase, Dental, Life, LTD and AD&D) and changes to employee census:
 - 2018 NJHIF Open Enrollment is scheduled for the period 10/23/17 – 11/20/17.
 - Employee contributions calculated using 2017 salaries.

- Estimated waivers for 2018 based on 2017 selected waivers and anticipated changes. Will be updated after open enrollment.
- Pensions:
 - Public Employees' Retirement System (PERS):
 - ✓ Applied same increase as 2017 – 7%.
 - Police and Firemen's' Retirement System (PFRS):
 - ✓ Applied same increase as 2017 – 3%.
 - DCRP:
 - ✓ May require additional adjustments of increased eligibility of PT workers that are eligible for DCRP and not PERS.
- Other Notes:
 - Utilities – No Changes
 - Garbage and Recycling (Collection, Disposal and Tipping Fees) – Contractual Increase of \$51,000 based on bid received October 11, 2017. This has a budget impact of \$16,000 after completing tonnage analysis with Byram Township paying the tipping fee directly to SCMUA.
 - Statutory Expenses – FICA Tax (will need to adjust based on final total S&W).
 - Reserve for Uncollected Taxes – No Change.
 - Andover Joint Municipal Court – applied 2% increase per contract.
 - Randolph has advised they will not support agreement to share Tax Collector past 12/31/2107. Assumption CMFO will successfully pass CTC exam in December and will be appointed the Township's Tax Collector.
 - Sewer Utility Fees – applied no change.
 - The Township is moving to the County for dispatch services effective January 1, 2018. This presents a reduction of \$58,816 for 2018 compared to the 2017 contract amount with Sparta. The move was to address service issues. The Emergency Services Chiefs are currently implementing a plan of migration to the County. There are secondary costs that are being identified and will need to be worked into the budget for radio and communications. Included in the budget is for a switch from cable to fiber to provide a reliable service of connectivity between the Township and County. Estimating cost at \$15,900 (TBD).

Summary of Estimated Revenues:

- Fund Balance:
 - The Amount of Fund Balance committed to 2017 budget totaled \$1,370,102. At this time, assuming no change to amount of fund balance to be committed to 2017 budget. This will need to be reassessed after January 31 with completion of Annual Financial Statement. Need to determine the amount of fund balance regenerated.
 - The Township needs to ensure it maintains adequate fund balance reserve levels and needs to regenerate the fund balance committed to each year's budget. Fund balance is accumulated from budget revenues in excess of anticipated amounts, miscellaneous revenues not anticipated, excess receipts of delinquent taxes, budget revenues received that were not anticipated, cancelling of appropriation reserves and added and omitted taxes collected for when construction improvements are deemed completed by the Tax Assessor.
- Miscellaneous Revenues:
 - Made NO changes to miscellaneous revenues and anticipated the same revenue amounts from the adopted 2017 Municipal Budget.

- Assuming same level of State Aid.
- Amount to be Raised through Taxation:
 - As presented, the increased amount to be raised by taxes is \$16,023.52, or an increase of .2%.

	2018 Budget Amounts			2017 Budget Amounts			Change	%	Budget	SW & OE	% Change Total
	S&W	O&E	Total	S&W	O&E	Total					
MAYOR/COUNCIL	\$17,500	\$8,500	\$26,000	\$17,500	\$8,500	\$26,000	\$0	0.00%	0.23%		0.00%
ADMINISTRATIVE & EXECUTIVE	\$212,500	\$80,400	\$292,900	\$212,500	\$80,400	\$292,900	\$0	0.00%	2.61%		0.00%
CLERK	\$91,200	\$9,950	\$101,150	\$91,200	\$9,950	\$101,150	\$0	0.00%	0.90%		0.00%
FINANCE ADMINISTRATION	\$116,000	\$17,585	\$133,585	\$116,000	\$17,585	\$133,585	\$0	0.00%	1.19%		0.00%
COLLECTION OF TAXES	\$75,500	\$22,959	\$98,459	\$35,700	\$65,809	\$101,509	-\$3,050	-3.00%	0.88%		-0.03%
TAX ASSESSMENT	\$59,600	\$43,570	\$103,170	\$80,250	\$43,570	\$123,820	-\$20,650	-16.68%	0.92%		-0.18%
AUDIT FEES	\$0	\$53,650	\$53,650	\$0	\$53,650	\$53,650	\$0	0.00%	0.48%		0.00%
LEGAL SERVICES & COSTS	\$0	\$115,000	\$115,000	\$0	\$115,000	\$115,000	\$0	0.00%	1.02%		0.00%
ENGINEERING SERVICES	\$0	\$40,000	\$40,000	\$0	\$40,000	\$40,000	\$0	0.00%	0.36%		0.00%
PLANNING BOARD	\$55,000	\$76,350	\$131,350	\$26,650	\$76,350	\$103,000	\$28,350	27.52%	1.17%		0.25%
ZONING	\$59,500	\$500	\$60,000	\$59,500	\$500	\$60,000	\$0	0.00%	0.53%		0.00%
CONSTRUCTION OFFICIAL	\$86,000	\$11,000	\$97,000	\$86,000	\$11,000	\$97,000	\$0	0.00%	0.86%		0.00%
ENVIRONMENTAL COMMISSION	\$0	\$2,600	\$2,600	\$0	\$2,600	\$2,600	\$0	0.00%	0.02%		0.00%
BOARD OF HEALTH	\$0	\$3,400	\$3,400	\$0	\$3,400	\$3,400	\$0	0.00%	0.03%		0.00%
ANIMAL CONTROL	\$9,800	\$9,250	\$19,050	\$9,800	\$9,250	\$19,050	\$0	0.00%	0.17%		0.00%
MUNICIPAL COURT	\$0	\$130,050	\$130,050	\$0	\$127,500	\$127,500	\$2,550	2.00%	1.16%		0.02%
MUNICIPAL PROSECUTOR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!	0.00%		0.00%
TOTAL GEN GOVT.	\$782,600	\$624,764	\$1,407,364	\$735,100	\$665,064	\$1,400,164	\$7,200	0.51%	12.54%	27.49%	0.06%
POLICE DEPARTMENT	\$1,894,500	\$98,525	\$1,993,025	\$1,873,000	\$98,525	\$1,971,525	\$21,500	1.09%	17.76%		0.19%
EMERGENCY SQUAD	\$0	\$25,500	\$25,500	\$0	\$25,500	\$25,500	\$0	0.00%	0.23%		0.00%
EMERGENCY MANAGEMENT	\$3,000	\$500	\$3,500	\$3,000	\$500	\$3,500	\$0	0.00%	0.03%		0.00%
FIRE DEPARTMENT	\$0	\$63,525	\$63,525	\$0	\$63,525	\$63,525	\$0	0.00%	0.57%		0.00%
FIRE PREVENTION/UNIFORM ALLOWANCE	\$0	\$28,900	\$28,900	\$0	\$28,900	\$28,900	\$0	0.00%	0.26%		0.00%
(911) RADIO COMMUNICATIONS	\$0	\$139,084	\$139,084	\$0	\$182,000	\$182,000	-\$42,916	-23.58%	1.24%		-0.37%
TOTAL PUBLIC SAFETY	\$1,897,500	\$356,034	\$2,253,534	\$1,876,000	\$398,950	\$2,274,950	-\$21,416	-0.94%	20.08%	44.02%	-0.19%
PUBLIC WORKS DEPARTMENT	\$808,750	\$290,750	\$1,099,500	\$808,750	\$291,250	\$1,100,000	-\$500	-0.05%	9.80%		0.00%
BUILDINGS AND GROUNDS	\$70,700	\$34,500	\$105,200	\$70,700	\$34,000	\$104,700	\$500	0.48%	0.94%		0.00%
RECYCLING	\$6,100	\$10,000	\$16,100	\$6,100	\$10,000	\$16,100	\$0	0.00%	0.14%		0.00%
FLEET MAINTENANCE	\$0	\$123,500	\$123,500	\$0	\$123,500	\$123,500	\$0	0.00%	1.10%		0.00%
TOTAL PUBLIC WORKS	\$885,550	\$458,750	\$1,344,300	\$885,550	\$458,750	\$1,344,300	\$0	0.00%	11.98%	26.26%	0.00%
RECREATION	\$70,750	\$7,860	\$78,610	\$70,750	\$7,860	\$78,610	\$0	0.00%	0.70%		0.00%
SENIOR CITIZEN/HISTORICAL SOCIETY	\$0	\$9,000	\$9,000	\$0	\$9,000	\$9,000	\$0	0.00%	0.08%		0.00%
SENIOR CITIZEN TRANSPORTATION	\$24,500	\$0	\$24,500	\$24,500	\$0	\$24,500	\$0	0.00%	0.22%		0.00%
CELEBRATION OF PUBLIC EVENTS	\$0	\$2,000	\$2,000	\$0	\$2,000	\$2,000	\$0	0.00%	0.02%		0.00%
TOTAL COMMUNITY PROGRAMS	\$95,250	\$18,860	\$114,110	\$95,250	\$18,860	\$114,110	\$0	0.00%	1.02%	2.23%	0.00%
	\$3,660,900	\$1,458,408	\$5,119,308	\$3,591,900	\$1,541,624	\$5,133,524	-\$14,216	-0.28%	45.61%	100.00%	-0.12%
X ELECTRICITY	\$0	\$57,000	\$57,000	\$0	\$57,000	\$57,000	\$0	0.00%	0.51%		0.00%
X STREET LIGHTING	\$0	\$36,000	\$36,000	\$0	\$36,000	\$36,000	\$0	0.00%	0.32%		0.00%
X TELEPHONE	\$0	\$25,500	\$25,500	\$0	\$25,500	\$25,500	\$0	0.00%	0.23%		0.00%
X HEATING OIL	\$0	\$70,000	\$70,000	\$0	\$70,000	\$70,000	\$0	0.00%	0.62%		0.00%
X GASOLINE	\$0	\$120,000	\$120,000	\$0	\$120,000	\$120,000	\$0	0.00%	1.07%		0.00%
X GENERAL LIABILITY	\$0	\$202,276	\$202,276	\$0	\$198,310	\$198,310	\$3,966	2.00%	1.80%		0.03%
X WORKERS COMP	\$0	\$105,591	\$105,591	\$0	\$103,521	\$103,521	\$2,070	2.00%	0.94%		0.02%
X GROUP INSURANCE	\$0	\$1,382,950	\$1,382,950	\$0	\$1,382,950	\$1,382,950	\$0	0.00%	12.32%		0.00%
X GROUP INSURANCE MEDICARE REIMBURSEMENTS	\$0	\$14,388	\$14,388	\$0	\$13,680	\$13,680	\$708	5.18%	0.13%		0.01%
X GROUP INSURANCE WAIVERS	\$0	\$58,767	\$58,767	\$0	\$75,300	\$75,300	-\$16,533	-21.96%	0.52%		-0.14%
X PENSIONS/FICA TAX	\$0	\$904,091	\$904,091	\$0	\$879,521	\$879,521	\$24,569	2.79%	8.05%		0.21%
X ACCUMULATED SICK/VAC LEAVE & UNEMPLOYMENT	\$0	\$200	\$200	\$0	\$200	\$200	\$0	0.00%	0.00%		0.00%
X MUNICIPAL SEWER CHARGES	\$0	\$6,575	\$6,575	\$0	\$6,575	\$6,575	\$0	0.00%	0.06%		0.00%
X MUSCONETCONG SEWER FEES (VC)	\$0	\$40,000	\$40,000	\$0	\$40,000	\$40,000	\$0	0.00%	0.36%		0.00%
X DPW EQUIPMENT	\$0	\$120,000	\$120,000	\$0	\$120,000	\$120,000	\$0	100.00%	1.07%		0.00%
X GARBAGE CONTRACT	\$0	\$690,000	\$690,000	\$0	\$674,000	\$674,000	\$16,000	2.37%	6.15%		0.14%
X RECYCLING TAX	\$0	\$10,500	\$10,500	\$0	\$10,500	\$10,500	\$0	0.00%	0.09%		0.00%
X DEBT SERVICE	\$0	\$325,338	\$325,338	\$0	\$325,880	\$325,880	-\$542	-0.17%	2.90%		0.00%
X IMPROVEMENTS TO STREETS & ROADS	\$0	\$205,500	\$205,500	\$0	\$205,500	\$205,500	\$0	0.00%	1.83%		0.00%
X CAP IMPROVEMENT FUND, DRAINAGE, SUPP STREETS	\$0	\$470,913	\$470,913	\$0	\$470,913	\$470,913	\$0	0.00%	4.20%		0.00%

X	FEDERAL AND STATE GRANTS	\$0	\$0	\$0	\$0	\$318,548	\$318,547.65	-\$318,548	-100.00%	0.00%	-2.76%	
X	MUNICIPAL ALLIANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!	0.00%	0.00%	
X	RES FOR UNCOLLECTED TAXES	\$0	\$1,200,000	\$1,200,000	\$0	\$1,200,000	\$1,200,000	\$0	0.00%	10.69%	0.00%	
X	LEASE AGREEMENT - RIVERSIDE PARK	\$0	\$976	\$976	\$0	\$976	\$976	\$0	0.00%	0.01%	0.00%	
X	PURCHASE OF VEHICLES	\$0	\$59,000	\$59,000	\$0	\$59,000	\$59,000	\$0	100.00%	0.53%	0.00%	
TOTAL OTHER EXPENSES			\$6,105,566			\$6,393,874.12		-\$288,308	-4.51%	54.39%	100.00%	-2.50%
			\$11,224,873.99			\$11,527,398.12		-\$302,524	-2.62%	100.00%		