



The Township of Byram
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TO: Mayor and Council and all Residents of Byram Township
FROM: Joseph W. Sabatini, Township Manager
DATE: December 9, 2025
RE: 2026 Capital Budget Message

Capital Budget:

- Local Budget Law 40A:4-43 – Capital Budgets, definition.
The governing body may and shall, when directed by the local government board, prepare, approve, and adopt a budget for the expenditure of public funds for capital purposes to give effect to general improvement programs. A capital budget shall be a plan for the expenditure of public funds for capital purposes, showing as income the revenues, special assessments, free surplus, and down payment appropriations to be applied to the cost of a capital project or projects, expenses of issuance of obligations, engineering supervision, contracts and any other related expenditures.
- The Governing Body is required to adopt a capital budget and a capital improvement program in conjunction with its annual operating budget.
- The capital budget represents *the current year* of a three-year capital improvement program since the Township is under a 10,000 population.
- The capital improvement program presents the schedule for capital projects showing projected costs and revenue sources.
- The capital budget ***DOES NOT*** in itself confer any authority to raise or expend funds. The capital budget can be changed by resolution after adoption.
- The Governing Body may assign the responsibility for preparing the capital budget for the capital improvement program to the administrative staff or the Planning Board, or both. Final content of the plan resides with the Governing Body. In Byram Township, it has been the responsibility of the Administrative Staff to prepare the capital budget and capital improvement program.

Capital Planning Process:

- The Township's Master Plan serves as the blueprint for the future of the community. The Master Plan includes the Open Space and Recreation Plan which was completed in 2020. The Master Plan is a long-term planning document that can be referenced when completing the capital planning process.
- Departments are requested to compile their capital project requests each year as part of the budget process. These projects can fall into the categories of being a recurring project such

as street maintenance, previously identified projects and new projects which can include acquisition of land or structures, construction, major repairs or rehabilitation, and major equipment.

- Projects should be described with justification, estimated costs, and proposed method of financing.

Capital Improvement Fund:

- Within the general fund under general appropriations there is a provision for Capital Improvement appropriations.
- This is for appropriations that have a useful life of 5 years or more.
- The fund permits appropriations to be set aside for purposes that may not be known or specified at time of the budget adoption.
- Municipalities annually may appropriate a fixed sum to this fund permitting it to build up over several years.
- No money may be expended from the Capital Improvement Fund without an ordinance being adopted for a specific purpose.
- The capital improvement fund is used as a means of financing down payments for bond ordinance appropriations. All bondable capital items must have a minimum 5% down payment. Also, the Governing Body can decide to fully or partially fund an ordinance from the Capital Improvement Fund and/or Capital Fund Balance.
- Capital Fund Balance results from the cancelation of unexpended funds in a fully funded debt or mixed funded ordinance. The Governing Body may adopt an ordinance authorizing the funding of a capital project from Capital Fund Balance or it can be anticipated as revenue in the current fund operating budget.
 - As of November 30, 2025, the balance in the Capital Improvement Fund totaled \$2,451,681.71.
 - *Note: This includes the money that was allocated to support the 5% down payment for the municipal building project. (\$550,000)*
 - As of November 30, 2025, the balance in Capital Fund Balance totaled \$149,939.41.
 - Capital Reserve Balances:
 - Road Resurfacing - \$151,021.78
 - Field Irrigation - \$40,000.00
 - Drainage - \$36,500
- The total appropriation to the Capital Improvement Fund for 2026 is \$744,103 which is a reduction of \$92,320 compared to 2025.
 - Removed onetime increase (\$200,000) to fund capital improvement projects offset by an increase to Fund Balance in 2025.
 - Added 2026 net change of debt service (\$107,680).
- Includes \$25,000 that is raised annually to fund the Capital Improvement Fund.

Debt Service:

- **Local Bond Law – 40A:2:**

- 40A:2-5. Debt Limitation – no bond ordinance shall be finally adopted if it appears from the supplemental debt statement that the percentage of net debt as stated pursuant to 40A:2-42 exceeds 3.5% (based on the equalized valuations of the taxable real estate, together with the improvement for the last 3 preceding years).
- Total allowable debt = \$45,649,888.92 (3.5%) – based on 2024 ADS.
- Total Debt includes Bond Anticipation Notes, Bonds, Green Acres Loans, Emergency Notes, Sewer Debt, Open Space Debt and Special Assessment Debt.
- 40A:2-8.1 Issuance of bond anticipation notes:
 - Issued for a period not to exceed one year.
 - Shall mature and be paid no later than the first day of the fifth month following the closing of the tenth fiscal year next following the date of the original notes.
 - No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid.

- In 2015, the Township was at the end of its ten (10) year permanent debt cycle with the final payment on the outstanding general obligation bonds made on October 1, 2015. To continue with a new ten (10) year cycle, the Township took advantage of interest rates and authorized a bond sale to convert all short-term debt (bond anticipation notes) to permanent debt. The Township purchased \$1,928,000 in general obligation bonds with a net interest rate of 1.911494%. The final payment of \$128,000 on the bond was made September 1, 2025.
- Since 2015, the Township has restructured its debt plan and has adjusted paydowns on bond anticipation notes to match the average useful life of the items being bonded. This has given the Township more flexibility to bond and pursue permanent bonds on larger projects such as the municipal building.

- **The scheduled payment for 2026 Debt Service is as follows:**

	Principal	Interest
Bond	\$0	\$0
BAN	\$254,500	\$28,850
Green Acres Loan	\$30,328.10	\$763.52
TOTALS:	\$284,828.10	\$29,613.52
	TOTAL:	\$314,441.62

- **Bond Anticipation Notes are outstanding at \$721,100.**

- Bonds & Notes Authorized but Not Issued = \$1,235,000.00.
 - Bond Ordinance #11-2024 (Fire Truck). Tentatively planning on going out for funding on this in June of 2026 unless the truck is delayed to 2027.
 - Preliminary BAN in 2026 will be \$1,701,600.00 which will include the Fire Truck.
 - Start paying down in 2027 with \$123,500 pulled from Capital Improvement Fund budgeted amount.

2026 Capital Budget and Capital Improvement Program:

- The Capital Budget represents the current year of a three-year capital improvement program. The Capital Budget does not in itself confer any authority to raise or expend funds.
- The 2026 Capital Budget requests include proposed projects totaling \$6,118,000. Following is summary of requests by department that do not include allocated funding or grants:

○ Streets and Roads	\$1,811,000
○ DPW	\$130,000
○ Fire	\$75,000
○ Parks	\$1,822,000
○ Drainage	\$5,000
○ Capital Improvement Fund	\$25,000
○ Estimated Facilities (PD Renovation)	\$2,250,000

- Township maintains a 10-year capital roadway improvement plan.
 - This plan includes a list of every roadway in the Township.
 - Byram Township’s roadway improvement plan covers the maintenance of 52 miles and about 718,516 square yards of Streets and Roads.
 - The plan categorizes the Township’s Streets and Roads into three categories of roadway types:
 - LOCAL – A local road is a street that is primarily used to gain access to are resident’s property.
 - COLLECTOR ROADWAY – A collector road is a low-to-moderate capacity road which serves to move traffic from local streets to arterial roads.
 - ARTERIAL ROADWAY - An arterial road is a higher-capacity urban road. The primary function of an arterial road is to deliver traffic from collector roads to highways or urban centers.
 - The plan attempts to estimate and plan out 10 years of roadway improvements considering the varying roadway improvement types.
 - Since 2020, the roadway improvement plan has been based on a program of mill and pave.
 - In recent years the roadway improvement plan has been impacted by the deployment of natural gas by both Elizabethtown Gas and New Jersey Natural Gas.

- **2026 Proposed Plan for Streets and Road:**

2026 FY NJDOT GRANT PROJECT (Mill & Resurface): Sleepy Hollow Road	Roads	\$310,000
Mill and Resurface - Various Roads Forest Lakes	Roads	\$455,000
Mill and Resurface - Roadways along Tamarack Road	Roads	\$581,000
Mill and Resurface - Roadways East Brookwood	Roads	\$260,000
Mill and Resurface - View Terrace, Mountain Heights & Circle Drive	Roads	\$155,000
Annual Budget: Roadway Crack Sealing, Roadway Striping & Roadway Repairs	Roads	\$50,000
Sub Total for Roads		\$1,811,000

