

Township of Nutley 2021 Municipal Budget Presentation

Commissioner Thomas J. Evans
Director of Revenue and Finance

April 6, 2021



2021 Municipal Budget Summary

Description	2021	2020	Change	Change %
Total Operating Costs, excluding TSA	\$57,043,812	\$56,321,173	\$722,639	1.28%
Add: TSA Allocation to School/County	\$1,780,158	\$2,094,304	-\$314,146	-15.00%
Total Operating Costs	\$58,823,970	\$ 58,415,477	\$408,493	.70%
LESS: Revenues, State Aid and applied Reserves	\$14,848,080	\$16,542,725	-\$1,694,645	-10.24%
Amount to be Paid By Taxpayers	\$43,975,890	\$41,872,752	\$2,103,138	5.02%

- ▶ The 5.02% increase in amount to be raised by property taxes is due to lower net revenues of \$1,694,645 (see Slide 6) and higher net operating costs of \$408,493 (see slide 7).
- ▶ Lower Transitional State Aid (TSA) of \$314,416 represents that portion of our TSA which is pending final State approval (see Slide 6).

Significant Factors Influencing the 2021 Budget

- ▶ COVID-19 related costs have **NOT** had a significant impact on the 2021 budget. Costs reimbursements under the Federal Cares Act total \$1,132,440, with \$467,535 still pending reimbursement from FEMA.
- ▶ The Federal **Save American Plan** allocation for Nutley totals \$2.7 million. These funds cannot be used for tax relief and are not included in this budget. Regulations covering the allowable uses of these funds are pending.
- ▶ Transitional State Aid(TSA) negotiations are still pending for 2021. To date, we have successfully converted **\$1.8 million of our temporary aid to permanent aid**. This is a major win for the Township's future.
- ▶ Lower revenues for 2021 primarily reflect the reversal of a one-time benefit from a tax appeal reserve of \$1,146,734 used in 2020 to zero out a municipal levy increase and the expiration of a temporary COPS grant of \$158,000.
- ▶ The Water Utility operations remain stable. No changes in water rates are planned for 2021.

Significant Factors Influencing the 2021 Budget - Cont'd.

- ▶ The Township, within the Department of Public Safety, will assume operation of Emergency Rescue Services from the Nutley Volunteer Emergency Rescue Squad in April. The net cost to taxpayers for 2021, after revenue recovery, totals \$203,500.
- ▶ Redevelopment and legal costs, totaling \$960,000, are included in this budget. These costs are **temporary and short-term**. Certain of these costs will be reimbursable from redevelopers.
- ▶ Growth in municipal revenues, from redevelopment efforts at ON3, Ciccolini and other areas, is anticipated in the 2023/2024 timeframe.
- ▶ This budget assumes a ZERO percent salary increase for all departments, except for contractual union steps, the Emergency Rescue Squad, overtime and other minor changes. This is subject to change given ongoing union negotiations for Police, Fire, Dispatchers, and Teamsters, Park and Recreation and DPW.
- ▶ A New Hire Freeze and a Quarantine of Non-Essential spending established in 2020 remains in place for 2021.

Significant Factors Influencing the 2021 Budget - Cont'd.

- ▶ Municipal debt costs are lower by \$378,719 for 2021. Overall, our municipal debt remains low at \$17.1 million at 10% of our authorized borrowing limit of \$140.3 million.
- ▶ Our bond rating is stable at **Aa2, above average** for local municipalities. The Township is well positioned for future capital needs.
- ▶ The Assessed Value of the Township increased by \$11.9 million to \$3,253,575,000 for 2021.
- ▶ Town wide commercial and residential property inspections related to a **town wide revaluation of property, mandated by the Essex County Board of Taxation**, are planned to begin this summer. All changes in individual assessed value will be included in 2022 final property tax bill.

Revenue Changes for 2021

Transitional State Aid (TSA)

2020 TSA	\$3,250,000
2021 NEW Permanent Aid	\$1,800,000
2021 Budgeted - TSA	\$962,500
2021 Pending - TSA	-\$487,500

To date, successfully converted \$1,800,000 of temporary aid to permanent for 2021.

TSA aid negotiations are still pending.

\$962,500 in TSA is allowed, by statute, to be budgeted in 2021.



Municipal Revenues

2020 Reserve Reversal	-\$1,146,734
COPS Grant - Expired	-\$157,944
Net, Other revenues	\$97,533
Total 2021 Revenue Loss	-\$1,207,145

Revenue Summary

Revenues Changes	-\$1,207,145
Less: Pending TSA	-\$487,500
2021 Revenue Loss, with TSA	-\$1,694,645

Operating Cost Changes for 2021

Salary	
Public Safety including Emergency Rescue Ser.	\$407,028
Parks & Public Property	−157,280
DPW	22,000
Public Affairs	58,000
Revenue & Finance	12,000
Mayor's Office	2,000
Total	\$343,748

Total Cost Changes	
Salaries	\$343,748
Net Other Expenses	378,891
Sub-total	\$722,639
TSA School/County	−314,146
Grand Total	\$408,493

Other Expenses	
Sewer	\$ 73,000
Pension: Police/Fire Other	365,386 −15,314
Emergency Rescue Services	116,500
Legal Fees	110,000
Redevelopment Projects	265,000
Medical Insurance	−314,261
Garbage Removal	45,000
Debt Service	−378,719
Recycling/Software Licenses	121,000
Other Expenses	−8,701
Total	\$378,891

2021 Water Utility Budget Summary

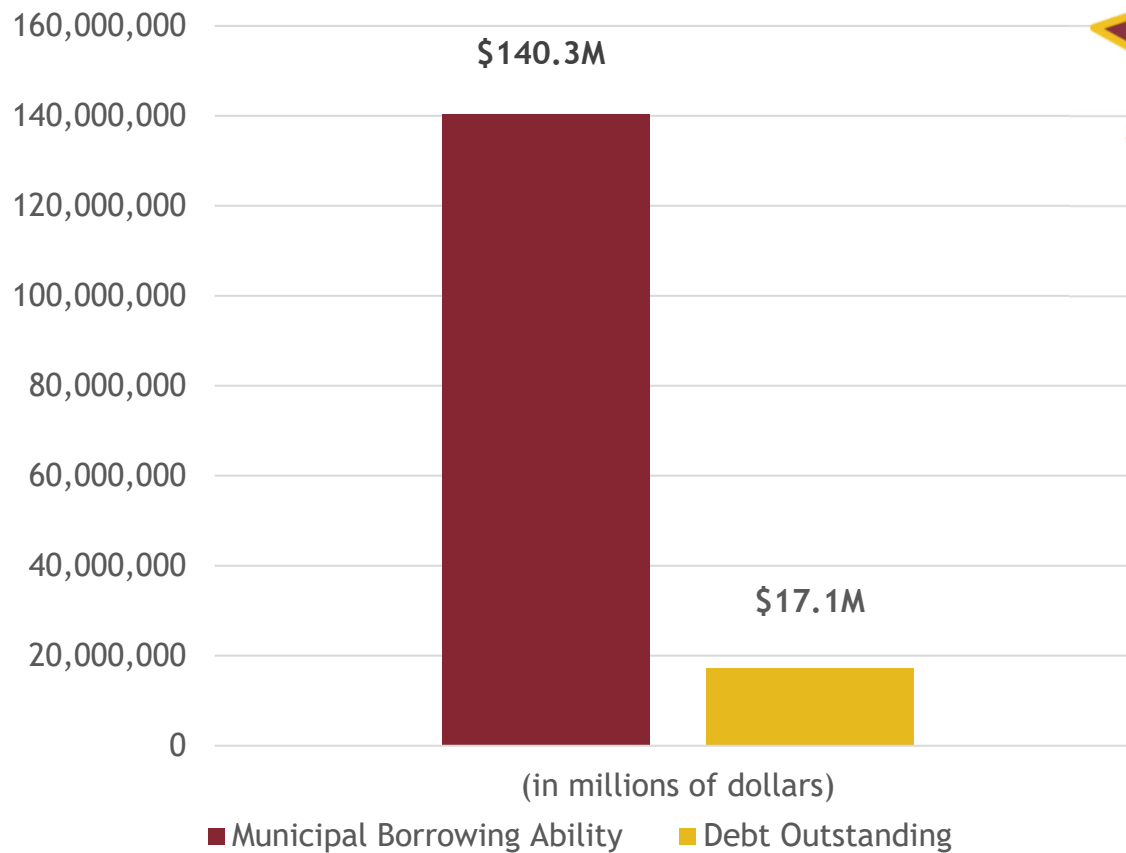
Budget	2021	2020	Change	% Change
Water and Maintenance Fee Revenue	\$4,625,163.00	\$4,615,750.00	\$9,413.00	0.20%
Less: Operating Costs	4,625,163.00	4,615,750.00	9,413.00	0.20%
Water Utility - Stable	\$0.00	\$0.00	\$0.00	0.00%

Description	2021	2020	2019	2014	21-20 Change	% Change
Salaries & Wages	\$1,656,000.00	\$1,700,000.00	\$1,650,000.00	\$1,477,000.00	-\$44,000.00	-2.59%
N. Jersey District Water	1,197,000.00	1,200,000.00	1,200,000.00	1,220,000.00	-\$3,000.00	-0.25%
Purchase of Water (P.V./Newark)	840,000.00	805,000.00	855,000.00	770,000.00	\$35,000.00	4.35%
Debt Service	123,363.00	110,000.00	110,745.00	109,413.00	\$13,363.00	12.15%
Medical Insurance/Other Ins.	280,000.00	275,000.00	285,000.00	340,000.00	\$0.00	1.82%
Social Security/Unemployment/Pension	155,000.00	141,000.00	131,000.00	128,000.00	\$14,000.00	9.93%
Other	373,800.00	384,750.00	326,750.00	286,090.00	-\$10,950.00	-2.85%
Total	\$4,625,163.00	\$4,615,750.00	\$4,558,495.00	\$4,330,503.00	\$9,413.00	0.20%

- ▶ Water Utility Distribution Services are provided by the Department of Public Works.
- ▶ Billing and operating costs are billed separately on a quarterly basis.
- ▶ No Water Rates changes planned for 2021.

Municipal Debt Outstanding

Municipal Borrowing Ability vs.
Debt Outstanding



March, 2021
\$7.0 million
10-year bond
sale achieves a
1.16% interest
rate

- ▶ Overall debt is \$1.3 million LOWER since 2015.
- ▶ Above average Aa2, Moody's bond rating remains stable.
- ▶ Current debt equals 10 % of our total borrowing power.
- ▶ Debt terms are very favorable with an average 1.99% interest rate and 10-year maturities.

2021 Budget Adoption



Our budget adoption is subject to approval by the State given our need for 2021 Transitional State Aid.



A public hearing on the 2021 budget is scheduled for May 4, 2021.



The full budget document, including these slides, will be posted on the Township's website on April 8, 2021.