

# 2023 City of Lambertville Introduced Budget – May 3, 2023

Budget Message

Respectfully submitted by Mayor Andrew J. Nowick

## Table of Contents

<b><u>OVERVIEW .....</u></b>	<b><u>2</u></b>
<b><u>CAPITAL IMPROVEMENT PROJECTIONS .....</u></b>	<b><u>3</u></b>
<b><u>REVENUES.....</u></b>	<b><u>4</u></b>
<b><u>APPROPRIATIONS.....</u></b>	<b><u>5</u></b>
<b><u>BALANCE SHEET .....</u></b>	<b><u>8</u></b>
<b><u>CONCLUSION .....</u></b>	<b><u>8</u></b>

## Overview

The proposed 2023 budget funds City operations, delivers statutorily required essential services, expands local programs, covers rising inflationary costs, and makes capital investments in the City’s infrastructure, property, and equipment. The budget also funds the City’s long-term contractual obligations to employees and covers the cost of past borrowing. The budget preserves the City’s reserve fund (rainy-day fund) thereby improving Lambertville’s long-term borrowing rates in the marketplace.

The information below is derived from the proposed City of Lambertville 2023 Introduced Budget, state document.

- The proposed budget for 2023 has a total expenditure for municipal purposes of \$7,118,725.
- It is supported by a municipal levy of \$3,941,841 (excluding the library levy).
- The Estimated Tax Rate for municipal purposes will increase by .0355, an 8.46% increase over 2022.
- The 2023 increase is the third year in a row of a declining increase since 2021 (.042 in 2022 and .057 in 2021).
- For every \$100,000 of assessed value, there is an \$8.82 increase per quarter.
- The average residential assessment for 2023 is characterized as \$423,400 making the average tax bill increase \$37.35 per quarter.

### Tax Rate affect on Various Assessed Values:

Assessed Value	2023	2022	Difference	
100,000	452.48	417.20	35.28	
150,000	678.72	625.80	52.92	
200,000	904.97	834.40	70.56	
250,000	1,131.21	1,043.00	88.20	
300,000	1,357.45	1,251.60	105.85	
350,000	1,583.69	1,460.20	123.49	
400,000	1,809.93	1,668.80	141.13	
<b>Avg</b>	<b>423,400.00</b>	<b>1,915.81</b>	<b>1,766.43</b>	<b>149.38</b>
450,000	2,036.17	1,877.40	158.77	
500,000	2,262.41	2,086.00	176.41	
550,000	2,488.65	2,294.60	194.05	
600,000	2,714.90	2,503.20	211.69	
650,000	2,941.14	2,711.80	229.33	
700,000	3,167.38	2,920.40	246.97	
750,000	3,393.62	3,129.00	264.61	
800,000	3,619.86	3,337.60	282.26	
850,000	3,846.10	3,546.21	299.90	
900,000	4,072.34	3,754.81	317.54	
950,000	4,298.58	3,963.41	335.18	
1,000,000	4,524.83	4,172.01	352.82	

The \$438,910 increase in the municipal levy is largely driven by rising costs due to inflation, increases in state health benefit costs, pension obligations, increase costs from Ida recovery efforts, and long-term debt service.

The budget includes the following large financial shifts that are offset in part by expense cuts and new revenues:

- \$198,923 loss in American Rescue Plan Funds due to program expiration.
- \$30,000 to handle dead or dying Ash Trees and others, as needed.
- \$241,721 for increases to operations responding to rising costs to maintain essential services.
- \$125,700 for increases to debt service due to rising interest rates and Hurricane Ida borrowing.
- \$117,284 for increases from the State Health Benefits program.

## Capital Improvement Projections

This proposed budget plan includes the following capital investments:

- \$629,000 in City roads including improvements to N. Franklin, Studdiford, and Swan Streets. The City will receive a \$179,300 NJDOT grant for the work on N. Franklin Street. The City will receive a \$185,940 NJDOT grant award for the work to Studdiford and Swan Streets.
- \$72,000 in green energy solutions. Our Environmental Commission has obtained matching funds from a vehicle charging station grant.
- \$30,000 in new technology to meet and exceed cyber security standards and improve employee efficiency.
- \$220,500 to improve the City's public property including improvements to our City Library building exterior, City Hall roof, critical document storage facilities, and the continuation of our City's vehicle replacement program for the police.
- \$10,000 to improve security at the Police Station.

## Revenues

The proposed budget includes a \$111,261 net increase in total anticipated revenues driven by strong increases in revenue from government related activities (permits, fees, licenses) and post pandemic economic activity (hotel tax, parking). These increases in miscellaneous revenue more than offset the anticipated lost of American Rescue Plan funds in 2023.

### 2023 Anticipated Revenues – All Categories Increased \$111,261

REVENUE - All Categories	2023	2022	Difference	% (+/-)
Total Surplus Anticipated	250,000	250,000	0	
Misc. Rev. - Sect. A: Local Revenues	885,000	722,032	162,968	22.6%
Misc. Rev. - Sect. B: State Aid Without Offsetting Appropriations	439,591	415,070	24,521	5.9%
Misc. Rev. - Sect. C: Dedicated Uniform Construction Code Fees	300,000	300,000	0	
Misc. Rev. - Sect. D: Spec. Items of Gen. Rev. Anticip. (Frenchtown)	3,700	3,700	0	
Misc. Rev. - Sect. E: Spec. Items of Gen. Rev. Anticip.	7,900	4,368	3,532	80.9%
Misc. Rev. - Sect. F: Spec. Items of Gen. Rev. Anticip.	16,276	20,533	-4,257	-20.7%
Misc. Rev. - Sect. G: Spec. Items of Gen. Rev. Anticip.				
Uniform Fire Safety Act	29,000	49,900	-20,900	-41.9%
Cable Franchise Fees	19,173	19,173	0	
Reserve for the Payment of Debt Service	250,000	100,000	150,000	150.0%
PILOTS	104,800	104,800	0	
Reserve for Open Space	56,000	56,000	0	
Hotel Motel Occupancy	162,400	112,400	50,000	44.5%
Contribution from LMUA	76,320	72,000	4,320	6.0%
Reimbursement of Costs - Library		60,000	-60,000	-100.0%
American Rescue Plan Funds	0	198,923	-198,923	-100.0%
	<u>\$2,350,160</u>	<u>\$2,238,899</u>	<u>\$111,261</u>	<u>5.0%</u>

### 2023 Anticipated Revenues – Categories Increased \$395,341

Revenue - Increase	\$395,341	2,023	2,022	Difference	% (+/-)
Misc. Rev. - Sect. A: Local Revenues		885,000	722,032	162,968	22.6%
Misc. Rev. - Sect. B: State Aid Without Offsetting Appropriations		439,591	415,070	24,521	5.9%
Misc. Rev. - Sect. E: Spec. Items of Gen. Rev. Anticip.		7,900	4,368	3,532	80.9%
Misc. Rev. - Sect. G: Spec. Items of Gen. Rev. Anticip.					
Reserve for the Payment of Debt Service		250,000	100,000	150,000	150.0%
Hotel Motel Occupancy		162,400	112,400	50,000	44.5%
Contribution from LMUA		76,320	72,000	4,320	6.0%
		<u>\$1,821,211</u>	<u>\$1,425,870</u>	<u>\$395,341</u>	<u>27.7%</u>

The City used the last tranche of \$198,000 of American Rescue Plan Act funds for revenue replacement from lost parking fees in the 2022 Budget. The absence of that money in 2023 has created a corresponding hole in the budget. Since 2021, the City's elected leaders and administration have been planning for this and have built the necessary reserves to fill this gap for 2023 without cutting into operations.

### 2023 Anticipated Revenues – Categories Decreased \$284,080

Revenue - Decrease	2023	2022	Difference	% (+/-)
Misc. Rev. - Sect. F: Spec. Items of Gen. Rev. Anticip.	16,276	20,533	-4,257	-20.7%
Misc. Rev. - Sect. G: Spec. Items of Gen. Rev. Anticip.				
Uniform Fire Safety Act	29,000	49,900	-20,900	-41.9%
Reimbursement of Costs - Library	0	60,000	-60,000	-100.0%
American Rescue Plan Funds	0	198,923	-198,923	-100.0%
	\$45,276	\$329,356	-\$284,080	-86.3%

### 2023 Anticipated Revenues – Flat Categories

Revenue - Flat	2,023	2,022	Difference	% (+/-)
Total Surplus Anticipated	250,000	250,000	0	
Misc. Rev. - Sect. C: Dedicated Uniform Construction Code Fees	300,000	300,000	0	
Misc. Rev. - Sect. D: Spec. Items of Gen. Rev. Anticip. (Frenchtown)	3,700	3,700	0	
Misc. Rev. - Sect. G: Spec. Items of Gen. Rev. Anticip.				
Cable Franchise Fees	19,173	19,173	0	
PILOTS	104,800	104,800	0	
Reserve for Open Space	56,000	56,000	0	
	\$483,673	\$483,673	\$0	0.0%

## Appropriations

### 2023 Anticipated Appropriations – Increased \$609,652

Appropriations	2023	2022	Difference	% (+/-)
Total General Appropriations In "CAPS"	4,435,471	4,133,861	301,610	7.3%
Total General Appropriations Outside "CAPS"	439,458	405,479	33,979	8.4%
Capital Improvements (5%)	51,000	95,000	-44,000	-46.3%
Debt Service	1,616,136	1,490,436	125,700	8.4%
Total Deferred Charges	256,701	84,338	172,363	204.4%
Reserve for Uncollected Taxes	260,000	240,000	20,000	8.3%
	\$7,058,766	\$6,449,114	\$609,652	9.5%

The budget as introduced will meet the obligations of rising contractual costs, operational requirements, and inflationary impacts on procurement of goods and services. The City will be able to fund the mandated increase from State Health Benefits of \$117,284, which includes an approximately \$45,000 combined increase from PERS and PFRS.

The budget includes \$30,000 for general tree maintenance, the bulk of which will be used to remove dead or dying ash trees that pose serious hazards in our parks and on our streets. (This is listed under Mayor/Council Other Expenses.)

As our City’s personnel progress through regular workforce changes, this budget assures that the Administration is prepared to replace positions through proper succession planning ensuring continuity with minimum disruption to public services. Newly imposed MS4TierA regulations require the hiring of an additional part-time employee in DPW to accommodate expanded requirements.

The City’s Finance Team has sought out budget cuts to offset increasing operational budget lines with over \$30,000 in reductions by reducing reliance on outside contractors, improving processes through the use of technology, and obtaining grants to subsidize previously Lambertville taxpayer funded items.

### 2023 Statutory & Deferred Charges

Statutory and Deferred Charges						
Expense Type	Account	2023	2022	Difference	% (+/-)	
Social Security System (O.A.S.I.)	36-472	180,000	166,620	13,380	8.0%	
Police and Firemen's Retirement System of NJ	36-475	277,390	268,010	9,380	3.5%	
Public Employees' Retirement System	36-471	116,732	111,149	5,583	5.0%	
Consolidated Police & Fireman's Pension Fund	36-474		0	-		
Special Emergency Authorization - 5 Years (N.J.S.A. 40A:4-55)	46-875	79,000	84,338	(5,338)	-6.3%	
Overexpenditure of Appropriation	46-894	0	8,004	(8,004)		
		\$653,122	\$638,121	\$15,001	2.4%	

## 2023 Appropriations in Support of Operations in Descending Order By 2022 Change

Governmental Operations - Descending Difference Order					
Department/Division	Expense Type	2023	2022	Difference	% (+/-)
POLICE:	Salaries & Wages	1,082,640	1,045,626	37,014	3.5%
MUNICIPAL COURT:	Salaries & Wages	111,588	75,922	35,666	47.0%
MAYOR & CITY COUNCIL:	Other Expenses	34,375	3,186	31,189	979.0%
UTILITIES - ALL	Other Expenses	131,850	103,050	28,800	27.9%
Construction Official	Salaries and Wages	145,295	119,457	25,838	21.6%
PUBLIC WORKS:	Salaries & Wages	222,555	206,317	16,238	7.9%
SOLID WASTE COLLECTION:	Salaries & Wages	144,066	128,623	15,442	12.0%
SOLID WASTE COLLECTION:	Other Expenses	199,726	184,400	15,326	8.3%
PUBLIC WORKS:	Other Expenses	41,393	31,100	10,293	33.1%
MAYOR & CITY COUNCIL:	Salaries & Wages	14,500	5,000	9,500	190.0%
ACCUMULATED LEAVE COMPENSATION:	Salaries & Wages	38,000	30,000	8,000	26.7%
INSURANCE:GROUP INSURANCE PLAN FOR EMPLOYEE	Other Expenses	579,024	571,754	7,270	1.3%
MUNICIPAL COURT:	Other Expenses	12,860	7,495	5,365	71.6%
MUNICIPAL CLERK:	Salaries & Wages	150,861	145,759	5,102	3.5%
POLICE:	Other Expenses	55,375	50,600	4,775	9.4%
TAX ASSESSOR:	Other Expenses	5,875	2,675	3,200	119.6%
TAX COLLECTOR:	Salaries & Wages	20,531	17,578	2,953	16.8%
HISTORIC PRESERVATION:	Salaries & Wages	3,060	509	2,551	501.5%
FINANCIAL ADMINISTRATION:	Salaries & Wages	83,543	81,044	2,498	3.1%
FIRE INSPECTION OFFICIAL:	Salaries & Wages	23,296	20,800	2,496	12.0%
TAX COLLECTOR:	Other Expenses	12,845	11,700	1,145	9.8%
TAX ASSESSOR:	Salaries & Wages	36,544	35,827	717	2.0%
MUNICIPAL PROSECUTOR:	Other Expenses	26,500	26,000	500	1.9%
Construction Official	Other Expenses	5,750	5,250	500	9.5%
DOG REGULATION:	Other Expenses	12,000	11,600	400	3.4%
HISTORIC PRESERVATION:	Other Expenses	350	-	350	
ADMINISTRATION OF PUBLIC ASSISTANCE:	Salaries & Wages	17,720	17,372	347	2.0%
PLANNING BOARD:	Salaries & Wages	8,279	7,957	321	4.0%
PUBLIC DEFENDER:	Salaries & Wages	4,350	4,050	300	7.4%
FINANCIAL ADMINISTRATION:	Other Expenses	13,318	13,100	218	1.7%
FIRE INSPECTION OFFICIAL:	Other Expenses	4,850	4,650	200	4.3%
CITY ATTORNEY:	Other Expenses	95,650	95,540	110	0.1%
ADMINISTRATION OF PUBLIC ASSISTANCE:	Other Expenses	530	520	10	1.9%
GENERAL ADMINISTRATION:	Salaries & Wages	-	-	-	0.0%
LIQUIDATION OF TAX TITLE LIENS	Other Expenses	750	750	-	0.0%
SUPPLEMENTAL FIRE DISTRICT PAYMENT	Other Expenses	1,249	1,249	-	0.0%
BUILDINGS & GROUNDS:	Other Expenses	37,951	37,951	-	0.0%
PLANNING BOARD:	Other Expenses	1,775	1,775	-	0.0%
MASTER PLAN:	Other Expenses	-	-	-	0.0%
INSPECTION AND CODE ENFORCEMENT:	Other Expenses	11,000	11,000	-	0.0%
DOG REGULATION:	Salaries & Wages	-	-	-	0.0%
CONTRIBUTION TO LAMBERTVILLE SENIOR	Other Expenses	-	-	-	0.0%
CELEBRATION OF PUBLIC EVENTS, ANNIVERSARY	Other Expenses	3,800	3,800	-	0.0%
STREET LIGHTING:	Other Expenses	37,300	37,300	-	0.0%
MUNICIPAL CLERK:	Other Expenses	26,224	26,300	(76)	-0.3%
ZONING BOARD OF ADJUSTMENT:	Other Expenses	1,600	1,780	(180)	-10.1%
INSURANCE:GROUP INSURANCE - HEALTH BENEFIT W/	Other Expenses	14,000	14,955	(955)	-6.4%
INSURANCE:OTHER INSURANCE PREMIUMS	Other Expenses	127,339	129,318	(1,979)	-1.5%
AUDITOR:	Other Expenses	40,000	42,240	(2,240)	-5.3%
INSURANCE:WORKERS COMPENSATION	Other Expenses	71,032	77,130	(6,098)	-7.9%
ZONING BOARD OF ADJUSTMENT:	Salaries & Wages	4,182	10,341	(6,158)	-59.6%
EMERGENCY MANAGEMENT SERVICES:	Other Expenses	500	10,500	(10,000)	-95.2%
GENERAL ADMINISTRATION:	Other Expenses	89,000	109,227	(20,227)	-18.5%
		\$3,806,799	\$3,580,078	\$226,721	6.3%

## Balance Sheet

The City’s balance sheet has been significantly impacted in 2023 due to the rising borrowing costs created by recent inflationary cycles directly impacting short term notes/borrowing for the City. As is customary in financing infrastructure projects during the construction phase, the City had to borrow over \$2,500,000 in the form of bond anticipation notes following the devastation of Hurricane Ida in order to begin reconstruction. These notes are costing the City over \$150,000 as a result of rising interest rates in 2023 that was not present in 2022 on top of a heavy debt load from past borrowing.

Most of these notes will be paid back in 2023 with reimbursements from FEMA and the USDA taking the short-term debt off of our books in 2023 before we have to move the notes into long term debt obligation in the form of bonds.

### 2023 Municipal Debt Service

Municipal Debt Service	2023	2022	Difference	% (+/-)
Interest on Notes	153,000	19,300	133,700	692.7%
Payment of Bond Principal	1,090,000	1,070,000	20,000	1.9%
Payment of Bond Anticipation Notes and Capital Notes	91,550	73,900	17,650	23.9%
GREEN TRUST Loan Repayments for Principal & Interest	17,886	17,886	-	
Interest on Bonds	263,700	309,350	(45,650)	117.3%
	\$1,616,136	\$1,490,436	\$125,700	92.2%

## Conclusion

The 2023 Budget as introduced continues to:

- Pay for operational costs with current year revenues.
- Further reduces reliance on dwindling reserves by only taking what can be replenished.
- Meet future contractual obligations and looming large bills.
- Build a reserve for unforeseen problems.
- Invest in technology, equipment, vehicles and buildings in service to the public that further mechanizes processes as a workforce multiplier.
- Blunt the tax increase through the conservative use of other miscellaneous revenues and grants.
- Build fund balance.
- Advance and invests in the City’s workforce to provide these essential services including succession planning to assure continuity and minimizing future disruptions.