

TOWN OF CLINTON

INCORPORATED APRIL 5, 1865

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March 23, 2016

Mayor's 2016 Budget Letter

Dear Clinton Residents:

It is that time of year and our 2016 budget has been introduced with a public hearing scheduled for April 12. First before we get into the specifics of the budget please remember that while the Town may collect the entire tax bill, only 23% of that actually stays with the Town. The remainder is paid to the two school districts (46% CPS and 18% North/Voorhees) with the remaining 13% going to the County for taxes and open space.

Now, as many of you are aware there is an overall budget increase which is 6.49% actual. The impact on the average home value of \$312,568 will be \$168.79, which equates to a 7.35% increase in the municipal tax rate. The total dollar increase over the 2015 budget is \$255,234 for the Town. First let me highlight the increases; the salary increases for employees is 2% which equates to \$32,853 (just under one tax point), pension costs are \$15,794, health benefits \$25,464, liability/workman's comp \$32,260. This accounts for \$106,371 of the \$255K. There is another \$45,000 that is required for down payment on the capital improvement projects for the Town parking lots (which includes the Water Street, Lower Center Street and municipal building lots).

Additionally, this year we have to plan for the changing implementation of our affordable housing requirement. Over 300 municipalities were impacted by the Supreme Court's decision to throw out the former obligations and methodology so that we must re-evaluate our obligations without clear direction. We have been told to expect costs to run between \$75-\$125K over the next 2-3 years. As such we created a line item in the budget to ensure appropriate tracking of these costs and we budgeted \$60,000 for this year.

Our legal costs last year exceeded our budgeted amount – while in part this was due to affordable housing expenses incurred last year there are also a few ongoing legal matters with residents that continue to cost the Town additional monies. Our solid waste and tipping fees increased \$15,800 this year with the addition of the new apartment buildings on West Main Street, an additional \$6000 is the increase in our shared court costs, \$5000 in finance to cover technology upgrades required as well as a few additional miscellaneous increases such as \$2600 for the Shade Tree commission to maintain the tree at the community center, \$2500 in engineering costs, \$1000 for the cost of utilities at the fire department.

Our last major increase is for the police department - \$25,138. In 2011 the Town lost a police officer (paid at the highest rank) and we did not replace him, instead we managed through increased overtime costs and a bare bones patrol schedule. In December 2015 we lost another officer (also paid at the highest rank). Our officers are not just responsible for the Town; they are also the first responders to incidents directly on or near our borders in Union, Franklin and Clinton Townships until they are relieved. With a work schedule covering 24 hours a day 7 days a week 365 days a year many times the police department is your direct link to other municipal services at times when those departments of the Town are closed. Many times and even at night our officers work alone which in this day and age is not ideal for the officer or the public he serves. Much has changed and grown in our Town over the last 15 years and we authorized the hiring of two replacement officers (at a much lower pay grade) to address increased overtime costs, increased calls for police services and to bring our staffing level back to what it was in year 2000. While there are those who may not see the need for additional officers, I can assure you that there is enough going on in our busy and dynamic Town to warrant these replacements. Obviously I cannot get into specifics but I will say that the drug epidemic alone should cause us concern; however our officer's safety while keeping our Town safe should be our number one priority.

Of the \$255,234 increase the Town has no control over the insurance and pension increases, we could disregard the affordable housing mandate and take our chances with how it plays out in court, but the possibility of experiencing what Bedminster did when they were forced to build the Hills or even more recently what Lebanon was forced to build on Cokesbury Road – we were not willing to risk the Town in that way. We also could not control the cost of solid waste and tipping. Of course we could ignore the parking lots but eventually they have to be done and waiting only increases the cost. We must make a commitment to maintain infrastructure – we see the impact all across New Jersey where the infrastructure is ignored and we don't want to be one of those Towns.

The costs I outlined exceeded the budget increase because we were able to offset some of the budget increase by utilizing surplus. Surplus is the Town's savings account and in 2012 the balance was just over \$10,000. I'm happy to say that surplus is now over \$500,000 and used sparingly so that we do not put ourselves back in a position of no liquidity.

Ultimately we all moved here because of what Clinton has to offer and if we begin taking away those services or just patching up we become a Town that many do not want to visit and the rest of us do not want to live. I will be the first to say that increasing taxes is the LAST thing any of us wants to do – I pay taxes as does the rest of Council – we all feel it as well but our objective to provide outweighs the desire to cut services.

We could cut a few dollars here and there but in all honesty we would have to cut almost \$36,000 to reduce one tax point. And while it is admirable to attempt to keep taxes flat eventually the only way to do that is to cut services. Whether those services are brush or leaf pickup, garbage or street cleaning, plowing or salting. We would have to make a significant cut in order for you to see an impact. The elimination of garbage collection/disposal at about \$200,000 could save about six points or six cents but ultimately the garbage still needs to be collected so you would pay for it privately – and it would potentially cost more.

Now, to go back through some of the history so that you are reminded of how we got here and what we have managed over the last four years. Between 2012 and 2013 the Town lost \$62M in our ratable base. As you may recall we were bleeding from tax appeals in 2012 which required a Town wide re-evaluation in 2013. And while our ratable base decreased significantly we reduced the number of tax appeals which reduced the bleeding of money. And while the Town has seen a very modest increase in ratables (under \$5M) over the last two years – it is something. The Town has less than 1100 line items or homes and businesses – which bear the burden of the taxes.

Additionally, the Town has seen a significant reduction in our state aid. We currently receive \$7,190 down from \$108,306 in 2006. Below is a breakdown of aid from the State of NJ since 2006.

	2006	2007	2008	2009	2010
LIBG*	\$10,320	\$10,320	\$0	\$0	\$0
CMPTRA**	\$97,986	\$90,846	\$61,598	\$47,372	\$22,451

	2011	2012	2013	2014	2015	2016***
LIBG*	\$0	\$0	\$0	\$0	\$0	\$0
CMPTRA**	\$19,324	\$13,719	\$10,469	\$9,644	\$7,190	\$7,190


*LIBG Legislative Initiative Block Grant

**CMPTRA Consolidated Municipal Property Tax Relief Act

***2016 are anticipated numbers not actual.

These are not excuses but rather explanations as to how we arrive at the budget and unfortunately it means increases. Four years ago the Town was in a financial freefall because of some poor decisions – four years later we have infrastructure improvements plans with the financial planning in place to support those items. All borrowing has been planned for and will be paid off in a timely manner without the need to go out for permanent bonding. As always, if you have any comments or questions, please feel free to reach out to me 908-399-8921 or jkovach@clintonnj.gov, any of the Council members our CFO, Kathy Olsen, or our Business Administrator, Rich Phelan.

Sincerely,



Janice Kovach
Mayor