



TOWN OF CLINTON

INCORPORATED APRIL 5, 1865

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March 21, 2017

Mayor's 2017 Budget Letter

Dear Clinton Residents:

It is that time of year and our 2017 budget has been introduced with a public hearing scheduled for March 28. First, before we get into the specifics of the budget, please remember that while the Town may collect the entire tax bill, approximately 25% of that stays with the Town.

What a difference a year makes! I'm happy to report that this year while there is a slight increase – it is only one tax point which equates to approximately \$36,000. This increase is going entirely to pay down principle on the bond anticipation note we currently have for \$1,458,000. This includes the \$641,000 for the fire truck and the \$253,000 for the rescue squad vehicle. Of that we also have the \$120,000 for the repaving of Halstead Street and the remaining \$444,000 is for the parking lots and various improvements to municipal property. We are currently paying \$85,000 towards the fire truck and rescue vehicle which will be paid off in 10 years. With this year's appropriation of \$36,000 we will reduce the remaining debt which equates to a 15 year pay down. This is also our last year for the \$25,000 emergency appropriation for the Town wide revaluation. If we take that \$25,000 and add it to the \$36,000 next year for debt service, it will bring the pay down to about 9 years. If we do this, we will not have to permanently bond any of the financing and can pay down the notes within the 10-year time period. The cost savings alone for not having to permanently bond will be significant.

Some additional good news to report is that our ratable base has increased \$10M from 2016 to 2017. Our surplus is now over \$700,000 and used sparingly so that we do not put ourselves in the position of no liquidity. We also received notification from Standard and Poor's that our bond rating has increased from an A+ to AA. According to a letter we received "the upgrade reflects the Town's improving overall financial position and steady annual improvements in financial reserves."

Now how does this all break out for our homeowners; our average home assessment is \$317,123.12 which equates to approximately \$39 annual increase or \$13 per \$100,000 assessed value. Our total budget increase from the 2016 budget is \$107,738.96. This increase includes, slight increases in health and pension benefits, while these costs have continued to go up and the State has not re-authorized Chapter 78 (law established in 2011 that required all public employees to begin contributing to their health care benefits. It created a step increase over a four-year period so that employees, depending on their salary, could be contributing as much as 35% of the cost of their healthcare plan). Clinton, in planning ahead and established an ordinance that continued the employee health care contributions regardless of the sun setting of Chapter 78. All employees receiving health care benefits from the Town are currently paying at the maximum tier based on their salary range (between 23% and 35% of the cost). There was a slight increase in workman's comp and liability insurance premiums.

Last year I explained that we had 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 last year to ensure appropriate tracking of these costs. This year we are continuing to plan and have budgeted \$70,000. Unfortunately, it looks as if the court battles throughout the state will continue and while there are no hard and fast numbers to rely on we are working with our planner to understand what makes sense and what we can accommodate. These decisions are based on many factors, including water and sewer availability, property accessibility and ratio of rental versus owner occupied properties.

This should not be taken as we don't want any new housing but rather we want to ensure that any additional housing, affordable or market rate, can be supported by our existing infrastructure.

In addition to planning our future housing obligation we are also planning for our re-development area along the Old 22/West Main Street corridor. The Land Use Board and Council will be working together with resident input to ensure it fits with the charm and architecture of Clinton.

As I previously reported in budget letters we could cut the one point and have no increase but the benefits of paying down debt and reducing overall interest far outweighs a flat tax. 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. Garbage pickup 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.

I hope this provides a concise explanation of the Town's 2017 budget for you and as always 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,

A handwritten signature in cursive script that reads "Janice Kovach". The signature is written in black ink and is positioned above the typed name and title.

Janice Kovach
Mayor