

TOWNSHIP OF ROCKAWAY
DEPARTMENT OF ADMINISTRATION

TO: All Residents and Taxpayers of Rockaway Township

FROM: Mayor Michael G. Dachisen

DATE: April 25, 2017

*RE: **2017 Municipal Budget Message***

Every year our Township Council is required by law to adopt a Municipal Budget. The Mayor and Administration prepare recommendations in the form of a draft budget however the Township Council must ensure that the adopted budget satisfies the needs of the community.

Like prior years, where the focus has been on sustaining programs and services, the 2017 budget does just that, it maintains, and in a few areas, enhances current service levels. This year's budget reflects that continued effort and satisfies the operational objectives of each department while balancing our goals of improving accountability and meeting the service demands of our residents and the infrastructure needs of our community.

The budget is divided into three categories including Municipal Operations, Capital Improvement Program, and Utility. Municipal Operations and the Capital Improvement Program are supported by a variety of revenues. Revenue sources include current property taxes, state aid, and miscellaneous fees generated by municipal operations. The Utility is supported by billing users of the system and is self-funding.

The 2017 Municipal Budget including the capital improvement program totals \$40,496,976. The Township is within both State mandated appropriation and tax levy caps. Significant dollar increases are seen in capital improvements, salaries and wages, and accumulated paid time off.

The Township has taken action over the past few years to limit tax increases while still preserving services in accordance with residents' expectations. These actions include reducing staffing levels, implementing a process of annual reassessment, limiting operating expenses, and modifying retirement health benefits for new hires.

Appropriations are the mechanism that allows local government to provide or deliver services to its residents. Contrary to what the public may have heard from political opportunists about the success of this budget being based on "luck" or "gimmicks," this budget is based upon good planning and significant reductions including:

1. Legal services of \$20,000. The Morris Commons litigation continues to slow as the Township has been successful in resolving the water supply issue that has been at the heart of the case. It is anticipated the litigation may come to a conclusion this year;
2. Snow removal of \$20,200. This represents the decreased cost of rock salt that is now \$64.90/ton or 11% less than the 2016 unit price;
3. Recreation administration of \$193,675. This reduction represents the conclusion of the Township's relationship with Picatinny Arsenal for the funding of the aquatic park;
4. Health insurance reduction of \$200,000. The Township continues to benefit from the implementation of Ch. 78 which increases employees' contributions to their health and prescription insurance; (excluding retirees)

5. Police pensions reduction of \$100,000. Pension obligations have decreased this year at a blended rate of -1.5%;
6. Utilities of \$35,000. The continued low cost of oil allows the Township to reduce its appropriations for utilities for the second year in a row;
7. Deferred charges of \$200,000 This appropriation has been satisfied and no longer needs to be budgeted; and
8. Tax appeals pending of \$40,000. The appropriation for tax appeals pending is being decreased as the Township continues its implementation of the Township's annual reassessment program and does not need to budget for the total expense of a reassessment report.

The Township continues to receive grants from the State and County government for infrastructure and other improvements including road resurfacing, preservation of the Faesch House, recycling, and clean communities. The Township has also strengthened its shared services with other local governments. These agreements include health services to Jefferson Township, expanded services to the Town of Boonton, and now our second year of the shared municipal court arrangement with Mine Hill Township. These agreements generate revenue to the benefit of the local property tax payer.

This year the Township is leveraging the growth in fund balance by increasing the capital improvement appropriation by \$450,000. This has no impact on the proposed 2017 municipal tax rate. In addition, the increase in this appropriation has several benefits including:

1. Allowing the Township to begin to fund its road resurfacing program substantially in cash eliminating the need to borrow money for this on-going expense; and

2. Reducing the Township's overall debt service and protecting against the anticipated increase in interest rates; and
3. Providing flexibility in future budgeting by creating an appropriation that could be reduced in the event of extraordinary or unforeseen expenses.

It is also significant to note the Township has realized an increase in its total assessed value of \$13.8 million due to improving market conditions and new ratable growth. This increase in our ratables translates into more than \$100,000 of additional monies being budgeted as part of the tax levy. While additional tax revenue is being budgeted, there is no impact on the proposed 2017 municipal tax rate.

The 2017 municipal budget calls for no increase in the municipal tax rate. This year's "no increase" has been accomplished by careful planning and execution of that plan by me and my administration. This "no increase in municipal taxes" has used neither one-time budget gimmicks nor being forced through as the result of an election cycle. This is a "Good Story" for Rockaway Township and these types of successes come over a period of time requiring the cooperation of the Mayor, Administration, and Township Council. Those who say something to the contrary either have a political ax to grind or are just ignorant of what it takes to run a \$40 million municipal corporation.

There has also been unfounded criticism about the amount of time the Township Council has to consider the 2017 municipal budget. The media has picked up on this complaint but has done nothing to verify its accuracy. In fact, the amount of time the Township Council gets to consider the budget is established by State statute. The State mandates the budget transmission to the governing body on February 17. The Township Council received a summary document on February 3 and the complete document on February 17 in accordance with the statute. The Township Council is

required to introduce the budget by March 17 and adopt the budget by April 21 or the next regularly scheduled meeting of the governing body. State law provides the governing body four weeks to review the budget document prior to introduction.

In addition, this year's budget maintains a prudent level of surplus in order to avoid potential spikes in future tax rates. The 2017 municipal budget, as presented, does not, in any way impact current service levels. Our services are being provided as best as can be in accordance with residents' expectations while maintaining the quality of life for all taxpayers in Rockaway Township.

In closing, I first want to thank the Administration and Finance Departments for their tireless effort at working on common goals. It does not go unnoticed or underappreciated. While it is a group effort that brings this document together, no one has dedicated more time or energy to its creation than Greg Poff and Lisa Palmieri.

Finally, to the Council, as individuals, you do not take the responsibility of being good fiscal caretakers lightly. Those of you that actively participate in the budget process by attending the work session, asking questions of our Administrator and Chief Financial Officer, providing cost-effective suggestions throughout the year, and challenging those on the Council that provide no meaningful guidance yield results like the budget presented to you this year. Thank you for setting the example and having confidence in myself and the Administration's ability to do the best for the Rockaway Township community and all its residents.