

Westfield Municipal Budget Meeting

January 26, 2023



Westfield Municipal Budget Team

- **Town Administrator - Jim Gildea**
(29-year municipal veteran with Westfield, with 23 years experience of formulating municipal budgets)
- **Chief Financial Officer - Scott Olsen**
(25-year municipal veteran, with 23 years experience of formulating municipal budgets and 7 years with Westfield)
- **Assistant Town Administrator – Heather Re-Ferratti**
(12-year municipal veteran, with 7 years experience of formulating municipal budgets and 6 years with Westfield)
- **Highly experienced auditing and bond counsel firms**
(Suplee Clooney & Company and Rogut McCarthy)
- **Finance Chair Councilwoman - Linda Habgood**
- **Finance Vice Chairman Councilman - Mark Parmelee**
- **Finance Committee Member Councilman – Scott Katz**
- **Finance Committee Member Councilwoman – Emily Root**
- **Investment Advisory Council comprised of resident volunteers with various financial and logistics backgrounds**



2022 Tax Collections = \$181,739,131



2022 BUDGET APPROPRIATION HIGHLIGHTS



Salary & Wages
\$18.6MM (38%)

Capital Improvement Fund
\$481K (1%)

Operating Expenses
\$5.6MM (11.4%)

Debt Service
\$3.1MM (6.4%)

Reserve (Uncollected Taxes)
\$2.6MM (5.2%)

Deferred Charges
\$464K (1%)

Statutory/Required
\$18.3MM (37%)



2022 Budget Priorities Recap



Manage Spending Challenges

- Statutory/Required Expenditures up 5.16% (~\$900K): health insurance, pensions, social security, utilities, Rahway Valley Sewerage Authority
- Salary/Wages up 2.49% (~\$450K): contractual & non-union increases and addition of new employees
- Operating expenditures up 9.59% (~490K): various non-discretionary costs in various departments

Conserve Surplus

- Surplus level had been replenished by \$3.6M to \$9.4M at YE21
- 2022 budget utilized \$3.8M to manage revenue losses and lower tax rate. This represents no increase from 2021
- \$5.6M surplus balance left to absorb continued marketplace disruptions and goal to replenish to \$9M+

Lowest Possible Tax Increase

- Total appropriations up 5.56% due to large increases in non-discretionary costs and addition of American Rescue Plan (ARP) matching funding
- Continued revenue losses compared to 2019 levels, but addition of ARP funds, increases in building permits and conservation center fees bolster revenues in 2022
- Delivered 1.98% increase in tax rate. Average tax increase since 2018 is 1.3%

2022 Analysis

- Surplus was replenished to \$9.35M despite continuing deficits in court and parking revenue
- Some COVID impact on 2022 budget continued, but making progress on recovering court and parking revenues
- Conducted a remarkably successful bond sale yielding a net interest cost of 2.49% in an unfriendly interest rate market
- Reaffirmed the Town's AAA bond rating, one of only 44 (out of 564) New Jersey municipalities to achieve and maintain that status
- Accomplished capital budget goals of 16 miles of road (6 miles by Town, 10 miles by utilities), drainage improvements, Windsor Park enhancements, new public works and public safety equipment purchases
- Exceeded anticipated revenue expectations at Building Dept.
- Westfield weathered 2020, 2021 & 2022 well, in large part due to reserves, healthy tax collections and strategic budget decisions



COVID impacts on surplus handled well compared to global financial crisis

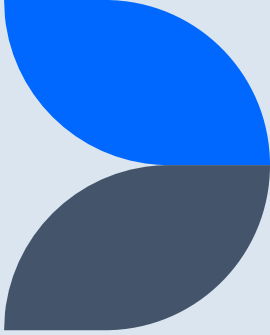
Surplus use during recession impact years 2009 – 2012

BUDGET YEAR	FUND BALANCE AVAILABLE Jan 1	FUND BALANCE USED	% OF FUND BALANCE USED	FUND BALANCE GENERATED
2009	\$2,848,423	\$2,700,000	94.79%	\$1,907,122
2010	\$2,055,545	\$1,840,000	89.51%	\$1,627,557
2011	\$1,843,103	\$1,719,000	93.27%	\$74,391
2012	\$198,494	\$0	0.00%	\$1,431,303

Surplus use during COVID years 2020 - 2023

BUDGET YEAR	FUND BALANCE AVAILABLE Jan 1	FUND BALANCE USED	% OF FUND BALANCE USED	FUND BALANCE GENERATED
2020	\$11,582,853	\$4,505,000	38.89%	\$2,516,085
2021	\$9,593,938	\$3,795,000	39.56%	\$3,658,249
2022	\$9,457,187	\$3,795,000	40.13%	\$3,694,220
2023	\$9,356,408	??	??	??

Parking & Court Revenues Continue to be Impacted



	<u>2019 Realized</u>	<u>2020 Realized</u>	<u>2021 Realized</u>	<u>2022 Anticipated</u>	<u>2022 Realized</u>	<u>Variation vs '19</u>
Court	\$ 462,439	\$ 224,281	\$ 238,643	\$ 220,000	\$ 243,311	(\$219,128)
Parking	\$1,689,561	\$1,166,427	\$1,185,468	\$1,175,000	\$1,313,883	(\$375,678)



2022 Bright Spots

- **Conservation Center:** High usage, increased permit sales for organic debris disposal, recycling use, bulky waste program, sale of mulch and firewood, etc.
- **Construction Dept:** High volume of permits in 2022 and exceeding anticipated revenues by over \$500K and expected to be strong again continuing with the new online inspection requests and permit payments
- **Tax Collection:** Remained above 99% as anticipated
- **ARP funds:** Received in 2022 and expected in 2023 will offset revenue losses and fund needed infrastructure expenses
- **Memorial Pool Utility:** Had strong comeback from the severe 2020/21 pandemic effects. ARP funds used in 2022 budget replenished revenues to set up for strong future years

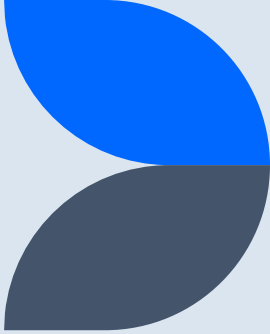


2022 Goals Achieved!

- **Successfully navigated through pandemic on solid financial footing providing momentum for future initiatives.**
- **Continued significant progress on Downtown redevelopment plans, with expected votes on the project January & February 2023**
- **Historic partnership with Board of Education on Edison School turf field project, currently out to bid for survey and design services**
- **Planted approximately 600 trees**
- **Continued aggressive road paving program completing approximately 16 miles of road paving in 2022, bringing our five-year total to approximately 60 miles.**
- **Received \$1.3M in pursued grants**
- **Awarded Silver certification by Sustainable Jersey for the third year in a row**



2023 Budget Process & Timeline



1

Long Term Capital Investment Plan

- 6 Year Capital Plan formulation
- Focus on 3-year plan including roads, drainage, parks, equipment, etc.

2

Department Budgets

- Department heads prepared & submitted proposals for review Nov./Dec.
- Close out previous year in January & meet with financial experts

3

Finance Committee Review (FPC)

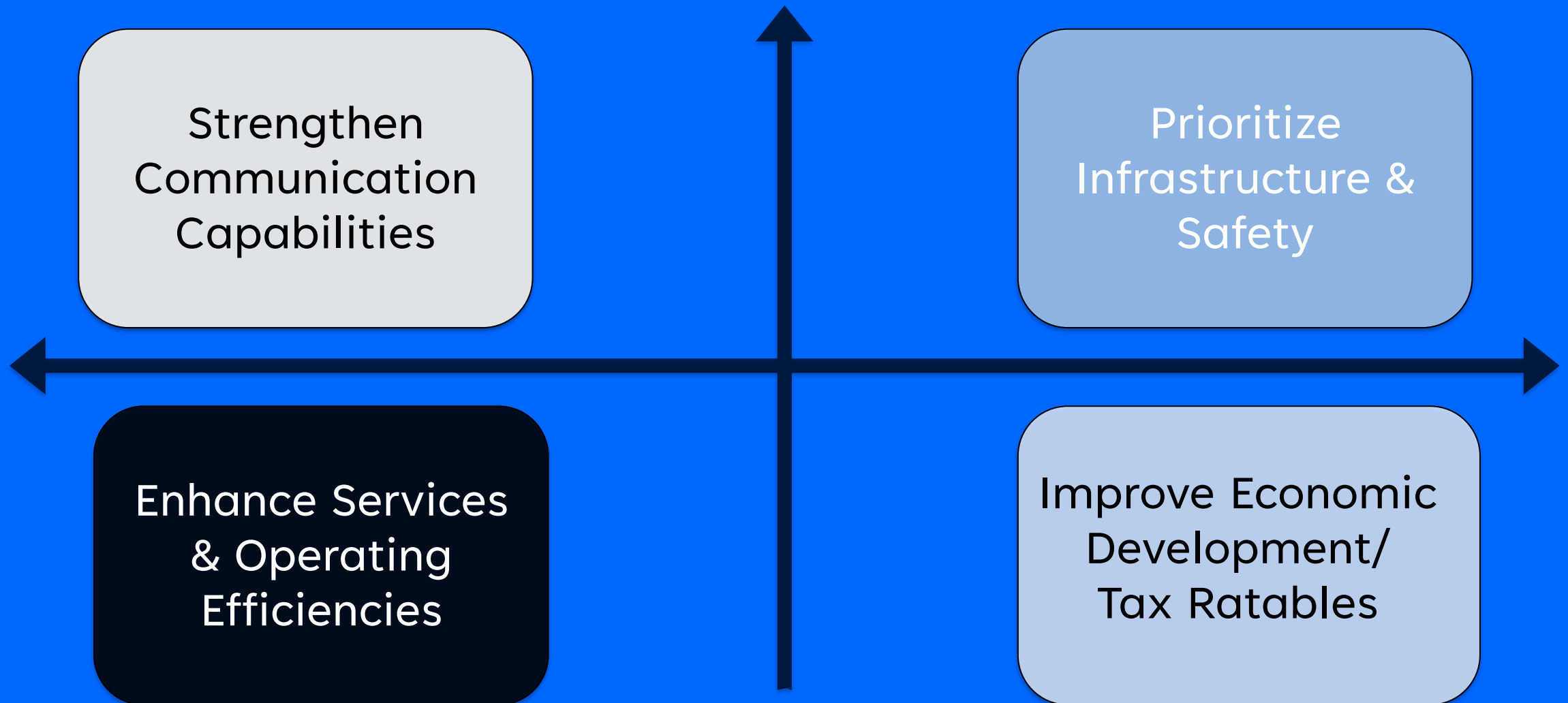
- Jan. 26 public mtg.
- Meeting with auditors and Dept. Heads Jan. 24 – March 10
- Incorporate State Aid & grant info and prepare state budget forms

4

Council Review & Public Presentation

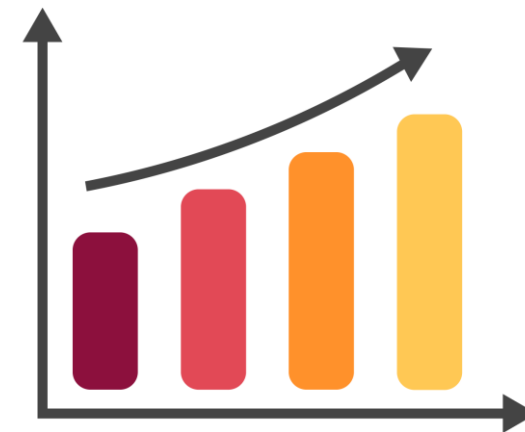
- Presentation to Council by FPC – March 14
- Introduce budget to public March 28
- Anticipated adoption April 25

Strategic Drivers



2023 Budget Goals

- **Responsible fiscal management – manage spending, strategically utilize surplus to continue essential services, manage lingering COVID impacts and the final tax rate**
- **Continue to aggressively look for new recurring revenue streams**
- **Prioritize opportunities to increase & diversify tax base through redevelopment and adding ratables**
- **Prioritize downtown economic recovery, infrastructure, and public amenities such as roads, parks, recreation, and the arts, and identify creative sources of funding**
- **Solicit public input to establish additional 2023 priorities and the best ways to achieve them**



2023 Budget Challenges

- **Non-Discretionary expenses for 2023 so far exceed \$600,000 (RVSA, Pensions & Insurance, Reserve for Uncollected Taxes and Debt Service)**
- **Increasing costs of residential services (Public Safety, Curbside Leaf Collection, Curbside Recycling)**
- **Increasing costs in utilities and sewer fees**



Well Managed Debt Service Provides Capital Flexibility

Continuing with Ambitious 2023 Capital Plan



Planned Capital Projects—enabled by sound planning:

- Continued significant road paving scheduled in partnership with utility companies, the majority paid at their expense
- Drainage improvements
- Recreation/Park improvements
- Public Safety improvements & equipment
- Technology enhancements

2023 Budget Opportunities



- Final stages of pandemic recovery sets up opportunity to exceed revenue projections and increase surplus
- Ability to use the American Rescue Plan Act funding in 2022 & 2023. (\$1.5M in each year)
- 2023 budget projections look strong as we anticipate adding ratables thus increasing aggregate property values of all Town property.



Summary

- 2023 will remain fiscally challenging, but we are in a good position to continue our local recovery and continue with projects and initiatives
- The last few years have revealed our significant risk of our over-reliance on residential property taxes and limited discretionary funding sources, reiterating the urgent need to expand and diversify our tax base to mitigate against future emergencies and uncertainty



Questions/Comments?

- Please state your name and address and ask your question
- We will try to address questions as best as we can
- Send further queries or suggestions to email address below
- Thank you for sharing your ideas

Contact Us: budget@westfieldnj.gov

