

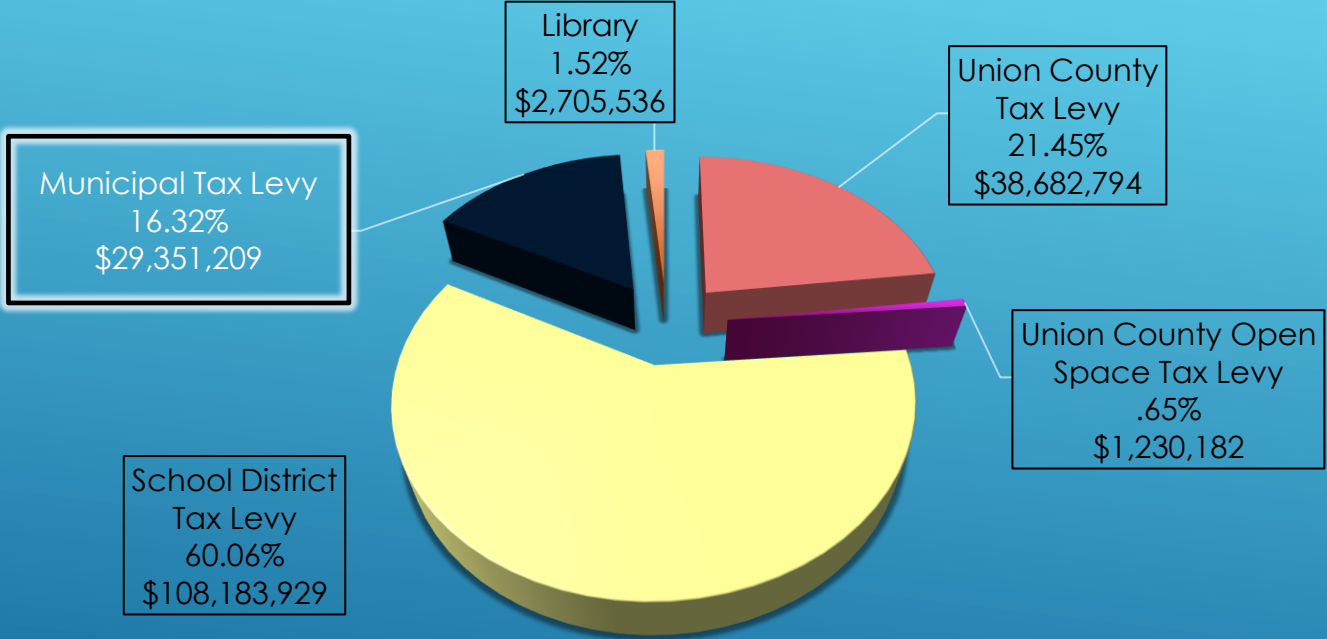
**Public Budget  
Meeting  
January 27, 2022**

# Westfield Budget Team



- **Town Administrator - Jim Gildea**  
(28-year veteran with Westfield, with 22 years experience of formulating municipal budgets)
- **Chief Financial Officer - Scott Olsen**  
(24-year veteran, with 22 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 - David Contract**
- **Finance Committee member Councilman - Scott Katz**
- **Investment Advisory Council comprised of 10 resident volunteers with various financial and logistics backgrounds**

# 2021 Tax Collections = \$180,172,598



# 2021 Budget

1

## *Lowest Possible Tax Rate*

- Total appropriations up 1.14% despite a +1.21% increase in non-discretionary costs
- Projected \$300K (-1.7%) continued decline in revenues due to pandemic effects
- Delivered 1.98% increase in tax rate, lower than 2.8% inflation rate

2

## *Reduce Spending*

- Salary/Wages only up 1.59% despite contractual obligations
- Operating expenditures up only 1.3% despite service costs increasing including publicly bid curbside recycling program.

3

## *Surplus*

- Surplus level had been replenished by \$2mm to \$9.6 million at YE20
- 2021 budget utilized \$3.8mm to manage revenue losses and lower tax rate. This was \$700K less than 2020
- \$5.8 million surplus balance left to absorb extended COVID disruptions and goal to replenish to \$9MM+

# SITUATION ANALYSIS

- ▶ 2021 was another very challenging fiscal year, with the continued uncertainties of COVID making it difficult to forecast anticipated revenue
- ▶ Comparatively, Westfield weathered 2020 & 2021 fairly well, in large part due to reserves, healthy tax collections and necessary budget reductions made in 2020 to position the Town for success in 2021 and beyond
- ▶ COVID still impacting 2022 budget even as the country recovers due to municipal finance requirements.



# Despite Revenue Challenges Surplus was Replenished

- COVID-19 impact on 2021 budget was significant, particularly due to parking and court revenue declines
- Municipal finance requirements do not allow for anticipating more revenue than what was collected in prior year, compounding forecasted revenue losses
- Despite losses, generated \$3.6MM in surplus to end 2021 with a \$9.4 million surplus balance.
- Surplus generation increased by \$1MM



# Court and Parking Revenues Continue to be Most Impacted

	<u>2019 Realized</u>	<u>2020 Realized</u>	<u>2021 Anticipated</u>	<u>2021 Realized</u>	<u>Var vs '19</u>
<b>Court</b>	\$462,439	\$224,281	\$200,000	\$238,643	<b>(\$223,796)</b>
<b>Parking</b>	\$1,689,561	\$1,166,427	\$1,165,000	\$1,185,468	<b>(\$504,093)</b>



# 2021 BUDGET BRIGHT SPOTS

- ▶ Conservation Center - high use during ongoing pandemic including increased permit sales for organic debris disposal, recycling use, bulky waste program use, sale of mulch and firewood, etc....
- ▶ Construction Dept. – continued high volume permit levels during pandemic. Again, exceeded anticipated revenue in 2021 and rolled out online inspection requests and permits payments.
- ▶ Tax collection – remains above 99% collections despite pandemic.
- ▶ Revenues - Received approx. \$270,000 of CARES Act reimbursements for COVID expenses enhancing revenue in 2021.
- ▶ Memorial Pool Utility had strong revenues in 2021 making a strong recovery from the 2020 & 2021 pandemic effects which were significant.





# We Remain In Stronger Position Than During Financial Crisis (Surplus Being Used As Intended Rainy Day Fund)

**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 recent years leading to COVID impact in 2020, 2021 & 2022**

BUDGET YEAR	FUND BALANCE AVAILABLE Jan 1	FUND BALANCE USED	% OF FUND BALANCE USED	FUND BALANCE GENERATED
2019	\$14,511,357	\$4,994,000	34.41%	\$2,065,496
2020	\$11,582,853	\$4,505,000	38.89%	\$2,516,085
2021	\$9,593,938	\$3,795,000	39.56%	\$3,635,694
2022	\$9,434,632	??	??	??

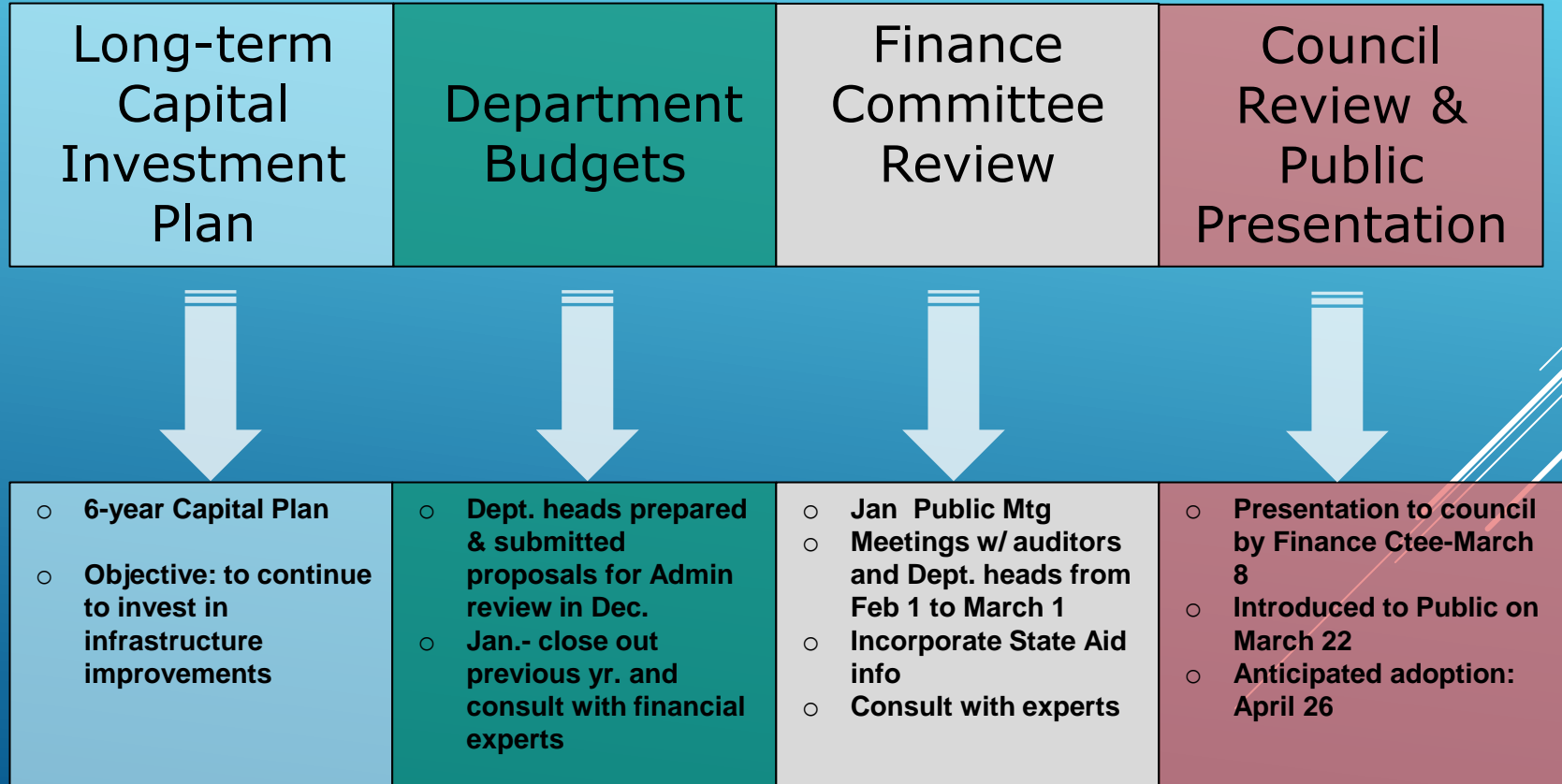
# Despite 2021 Challenges, We Made Substantial Progress

- ✓ Continued to navigate through a global pandemic, prioritizing health, safety, and communication, while also adapting operations to ensure the safety and welfare of employees, residents, and businesses
- ✓ Made significant progress on downtown redevelopment plans, a giant leap towards our downtown's transformation
- ✓ Made significant progress on Edison School turf field proposal in collaboration with BOE
- ✓ Planted approximately 600 trees
- ✓ Continued aggressive road paving program completing approximately 15 miles of road paving in 2021, bringing our four-year total to 43 miles, almost half the Town.

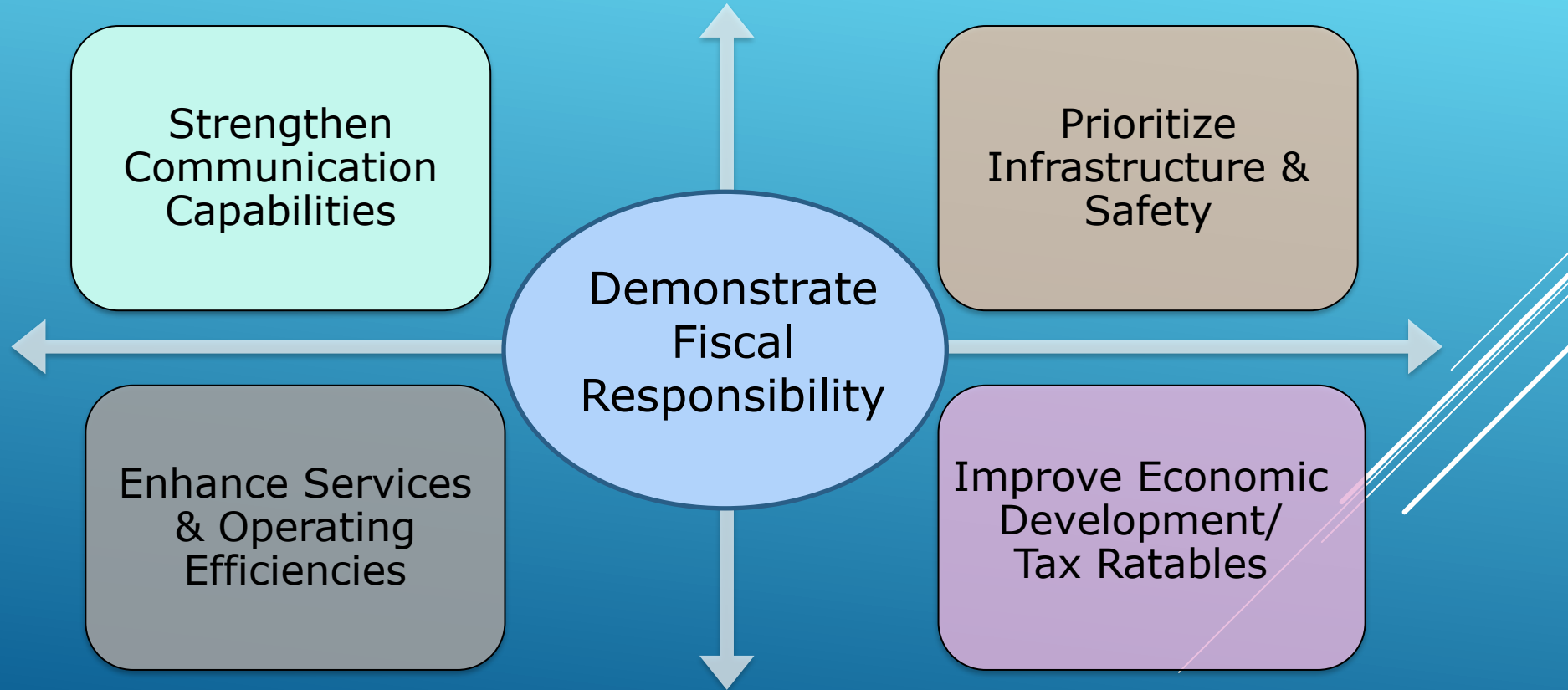
# Despite 2021 Challenges, We Made Substantial Progress (cont.)

- ✓ Received \$1.3mm in pursued grants
- ✓ Managed the clean up and recovery efforts from Tropical Storm Ida, including the first-ever storm related bulky waste pick up by Town's DPW
- ✓ Awarded Silver Certification by Sustainable Jersey for the second time in Town history, increasing eligibility for grants
- ✓ New Town user friendly website launched
- ✓ New EV Charging stations installed in 3 Town parking lots
- ✓ New traffic lights installed at Lamberts Mill & Rahway and West Broad & Scotch Plains Ave in partnership with Union County to enhance public safety

# 2022 Budget Process & Timeline



# Strategic Drivers



# 2022 BUDGET GOALS

- ▶ Responsible fiscal management – manage spending, strategically utilize surplus to continue essential services, manage 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 2022 priorities and the best ways to achieve them



# 2022 Challenges

- **Non-Discretionary expenses for 2022 so far exceed \$1,000,000 (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. Continue exploring a more equitable sewer fee model.**
- **Bond issuance to be conducted for current unfunded debt**



# Well Managed Debt Service Provides Capital Flexibility

Moving Forward With Ambitious 2022 Capital Plan

## Planned Capital Projects Do Not Impact 2022 Budget:

- Significant road paving scheduled in partnership with utility companies, the majority paid at their expense
- Drainage improvements
- Park improvements
- Public Safety improvements & equipment
- Technology enhancements, including Council Chambers AV upgrades





## 2022 BUDGET OPPORTUNITIES

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



# SUMMARY

- ▶ 2022 will remain a fiscally challenging year but we are in a good position to continue our local recovery and continue with projects and initiatives
- ▶ COVID exposed the 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](mailto:budget@westfieldnj.gov)**

