

City of Hackensack Amended 2014 Municipal Budget



2014 BUDGET GOAL

“To craft a budget that is accurate and sets the framework for long-term tax stability, while providing the funding and planning necessary for re-development, community improvements as well as known future events.”

TAX APPEALS

Paradigm Shift

To achieve the goal of long term tax stabilization, we need to plan for and consider the implications of the TAX Appeal issue.

Capital Purchases

Salary & Wage Budgets

Operating Expense Budgets

Contract Negotiations

Debt Service

“CAPS” – Tax Levy Cap & Budget Appropriation Cap

Library Donation

Health Benefit Budget

TAX APPEALS

Scope How much \$ have we spent? How much More?

Impact How much has this issue impacted the "quality of life" in Hackensack

Effect How much will the fix cost the average taxpayer?

TAX APPEALS - SCOPE

Tax Appeals Paid:

2010	\$3,860,969.62
2011	\$3,345,728.35
2012	\$1,615,715.93
2013	\$3,378,949.85
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2010 – 2013	\$12,201,363.75

TAX APPEALS - SCOPE

Tax Appeals to be Paid in 2014:

University Plaza	\$1,071,571.34
Resolution #199-14	\$8,340,824.32
Resolution #200-14	\$843,510.96

Settled Tax Appeals to be Paid in 2014:	\$10,255,906.62
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TAX APPEALS - SCOPE

Tax Appeals Still Pending:

Estimated at \$7,000,000 to \$20,000,000

Accumulated Absence Liability is still over \$10,000,000

TAX APPEALS - IMPACT

Hackensack Net Valuation 2009 - 2012

2009	2010	2011	2012
\$6,096,246,072	\$6,012,464,357	\$5,070,997,205	\$4,994,762,154
2009 – 2012 Decline of \$1,101,483,527 -18.07% -6.02% per year			

TAX APPEALS - IMPACT

Central Bergen Net Valuation 2009 - 2012

Hackensack	\$ (1,101,483,527)	-18.07%
Teaneck	\$ (75,405,779)	-1.24%
Fair Lawn	\$ (26,621,343)	-0.52%
Paramus	\$ (13,880,495)	-0.17%
Lodi	\$ (8,928,952)	-0.46%
Elmwood Park	\$ (16,881,923)	-0.82%
Saddle Brook	\$ (2,921,035)	-0.13%
River Edge	\$ (189,516,115)	-11.65%
Bogota	\$ (6,749,444)	-0.81%
Oradell	\$ 3,796,845	0.23%

Audit Not Available: Garfield, Maywood, Rochelle Park

TAX APPEALS - IMPACT

The key to improving the quality of life in Hackensack (providing more service while stabilizing taxes) is to reverse the trend of declining valuations.

The long term solution is Re-Development

The short term objective is to make Hackensack attractive to developers.

TAX APPEALS - EFFECT

Settled Tax Appeals to be Paid in 2014: \$10,255,906.62

Financing at:		Tax Increase – Average Taxpayer
One Year	20.76 tax points	\$498.86
Three Years	6.92 tax points	\$166.29
Five Years	4.15 tax points	\$99.72
Seven Years	2.97 tax points	\$71.37

With these potential tax increases (best-case scenario is a \$71 increase) we need to re-think some key components of the budget.

TAX APPEALS

Paradigm Shift

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Library Donation

Health Benefit Budget

This is the context in which we reviewed this budget amendment to effect real change that can be sustained.

2014 BUDGET AMENDMENT

Highlights:

- *Increase in total budget appropriations of 2.18%*
- *Increase in Salaries / Wages of 0.27% from 2013*
- *Increase in Capital Improvement Fund to \$614,000*
- *Reduced Reliance on Surplus as Revenue*
- *"Fix" to 2013 Health Benefit Issue*
- *Cultural Arts Center split from Recreation Budget*
- *Inclusion of budget appropriation for Police Vehicles*
- *Reduction in the amount of annual Library Donation*
- *Inclusion of documented sustained revenues*
- *"Fix" to impending deficit in the Public Defender Trust Fund*

2014 BUDGET AMENDMENT

Total Increase in Budget of \$2,013,921 (2.18%)

Salaries & Wages	\$ 108,300	0.27%
Other Expenses	\$ 92,265	0.42%
Health Benefits: 2014 Increase	\$ 477,608	3.97%
2013 "Fix"	\$1,731,392	14.40%
Capital Improvement Fund	\$ 414,000	207.00%
Grants, Debt Service, Statutory Expenses	\$ -809,645	-5.46%
Total	\$ 2,013,921	2.18%

Capital Improvement Fund

Year	2008	2009	2010	2011	2012	2013	2014 Amended
Capital Improvement Fund	\$395,000	\$395,000	\$0	\$163,878	\$200,000	\$200,000	\$614,000

2014 Budget includes Funding For:

**911 System Upgrade
Computer Purchases
Security Cameras
Electronic Time-Keep System**

2014 Budget Includes a Capital Budget for the First Time Since 2007

“Revenue at Risk”

Year	2008	2009	2010	2011	2012	2013	2014 Amended
Surplus Anticipated	\$7,000,000	\$4,000,000	\$5,960,000	\$2,725,000	\$2,725,000	\$3,350,000	\$1,000,000
Parking Utility Surplus	\$500,000	\$500,000	\$576,500	\$576,500	\$576,500	\$576,500	\$600,000
Reserve to Pay Debt Service		\$1,397,817	\$312,291		\$236,150	\$655,000	
Parking Utility Operating Fund		\$1,089,031					
Interfund Payable (Payroll)		\$108,749		\$143,559	\$86,950		
General Capital Surplus			\$1,562,750	\$521,019	\$336,667		
Reserve for Pension			\$6,674		\$494,000		
Insurance Reimbursement						\$109,715	
Total Revenue at Risk	\$7,500,000	\$7,095,597	\$8,418,215	\$3,996,078	\$4,455,267	\$4,691,215	\$1,600,000
Tax Levy Increase (Includes Library)	N.A.	0.00%	8.04%	10.82%	2.05%	2.43%	4.37%

“Fix” to 2013 Health Benefits Issue

Budget	2013	2014
Claims	\$11,584,000	\$13,417,582
Fixed	\$0	\$1,550,115
Reimbursements	\$0	(\$1,184,697)
Other	\$440,000	\$450,000
Total	\$12,024,000	\$14,233,000
Difference		\$2,209,000
2013 Budget Shortfall		\$1,731,392
True 2014 Budget Increase		\$477,608
		3.97%

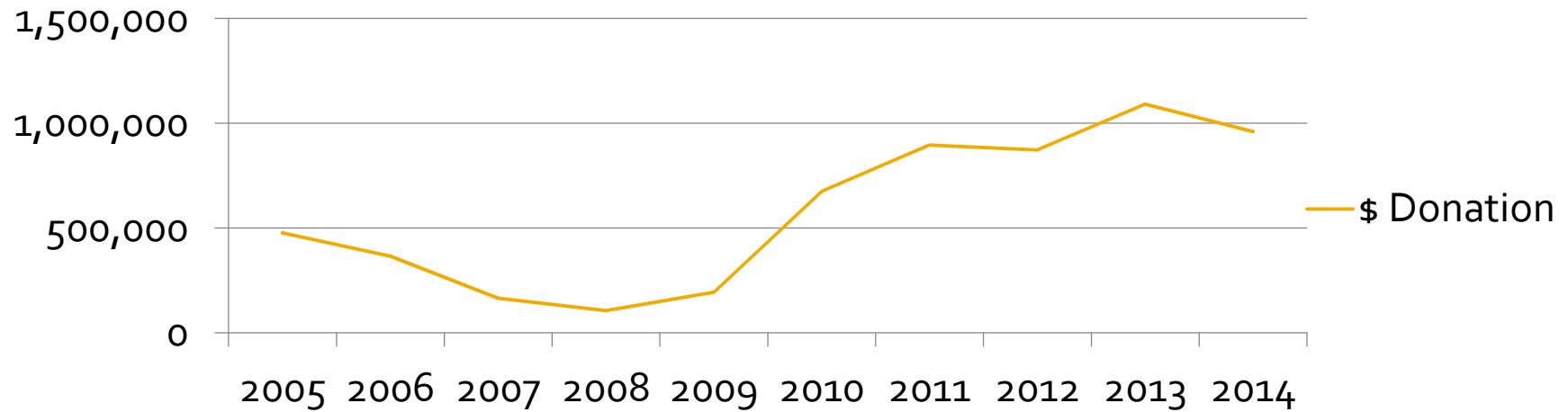
“Fix” to 2013 Health Benefits Issue

	Projection	Budget	Actual
Claims	\$12,122,127	\$11,584,000	\$13,417,582
Reimbursements		\$0	(\$871,669)
Fixed	\$1,787,887	\$0	\$1,787,887
Other	\$440,000	\$440,000	\$440,000
Total	\$14,350,014	\$12,024,000	\$13,755,392
2013 Budget Shortfall		\$1,731,392	

Library Donation

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	\$476,408	\$364,879	\$164,456	\$105,513	\$193,630	\$674,652	\$894,822	\$871,420	\$1,090,059	\$959,619

Donation Over Time



Revenue Replacement for Surplus

Year	2008	2009	2010	2011	2012	2013	2014 Amended
Surplus Anticipated	\$7,000,000	\$4,000,000	\$5,960,000	\$2,725,000	\$2,725,000	\$3,350,000	\$1,000,000
2014 Surplus Reduction							-\$2,350,000
Replacement Revenue:							
Verizon Franchise Fee							\$180,761
Cablevision Franchise Fee							\$372,000
HBOE School Resource Officer							\$59,000
Sewer Usage Charges							\$430,000
Pilot – Hackensack Housing Authority							\$100,000
Recycling Revenue							\$64,000
Total Replacement Revenue							\$1,205,761

Municipal Tax Levy

Year	2008	2009	2010	2011	2012	2013	2014 Amended
Levy Includes Library	\$60,761,043	\$60,758,874	\$65,641,005	\$72,742,688	\$74,235,524	\$76,042,582	\$79,368,890
\$ Increase	N.A.	-\$2,169	\$4,882,132	\$7,101,682	\$1,492,836	\$1,807,057	\$3,326,309
% Increase	N.A.	0.00%	8.04%	10.82%	2.05%	2.43%	4.37%
Municipal Tax Increase	4.37%						
Increase to Avg. Taxpayer	\$161.79						

2014 BUDGET AMENDMENT

- SUMMARY

Change

A Change that is
Attainable, Real, Sustained

It is . . . *"Where We Stand"*