

June 21, 2010

DELANCO TOWNSHIP

2010 BUDGET MESSAGE

It seemed as if the prior years held the worst for our economy and its impact on municipal budgeting. However, that prediction has proven to be wrong. The economy has not recovered and budget deficits at the State level have caused the Governor to propose draconian cuts in State aid to municipalities. Therefore, for Delanco's 2010 budget, State aid was cut by over \$100,000 from last year's aid. Reductions in other non-property tax revenues of more \$125,000 (Court fines, Capital Surplus and Delinquent Taxes, for example) had to be reckoned with. Coupled with a \$50,000 increase in employee health benefit costs due to an 18% rate increase and a \$35,000 increase in pension contributions, Delanco's budget started in a hole.

Fortunately, recent efforts in several areas allow offsetting reductions for this year. For example, reducing municipal court sessions from twice per month to once per month enables a reduction by more than \$15,000. Group bidding with three of our neighbors for trash collection services coupled with a change to once per week collection will save \$46,000. Continued membership in the Burlington County Municipal Joint Insurance Fund for casualty insurance resulted in a reduction in those premiums by over \$13,000. Additionally, an above normal tax collection rate and careful fiscal actions in 2009 resulted an increase in the available fund balance by \$85,000 that can be used to support the 2010 budget. Further, the Township finally received a \$167,000 grant from the State Green Acres program as partial reimbursement for the 2008 purchase of the waterfront property in front of the Zurbrugg mansion. Initially most of this was earmarked for payment to the Delanco Sewer Authority towards their loan to the Township that enabled that purchase.

Putting this all together along with keeping most other costs in check, still initially resulted in a tax rate that was deemed to put too much of a burden on Delanco taxpayers still reeling from the recession and subject to a potentially large school tax increase. Therefore, the Township Committee directed that all office and department operating expense budgets be cut by 15%. This reduction saved an additional \$23,000. Further, in light of the continuing downturn, the Committee asked its CWA represented union employees in the Public Works Department and the non-represented employees to again accept an initial freeze in their wages. The Committee noted that savings during the 2009 year permitted a retroactive 2% wage increase and there remains that possibility again this year. However, the budget is based on the wage freeze for those employees with a savings of over \$8,000. While there is a legal commitment to the sworn Police officers to provide the contracted 4% wage increase, funds to replace an officer in 2010 and beyond could not be provided. The final step to reduce the tax increase was to spread out the payment from the Green Acres grant to the Sewer Authority over an extra year freeing up \$90,000 to use as revenue.

The result of all these steps to reduce costs and use additional revenues where available, is a 2010 budget with a municipal purpose tax rate increase of only **one (\$0.01)cent** raising an additional \$94,500 compared to 2009. A household with the Town-wide average assessed value of \$240,000 would pay **\$24.00 more** under this plan. The attached details all the line items with the changes.

The municipal budget covering these revenues and costs was introduced at the May 17 Township Committee meeting. It provides for a continuation of Delanco's fine services in the most effective way possible under the circumstances.

A public hearing on this budget was held on Monday, June 21 at 7:30 pm in the Municipal Building as part of the Township Committee's re-scheduled regular first meeting of the month. This year, the Delanco budget was allowed by the State to do self review so that there were no State comments and the budget was eligible for adoption at that meeting. The budget was then adopted as proposed by a vote of 4 in favor and 1 against. Any one who has further comments or questions about the budget should feel free to contact any Township Committee member or the Township Administrator.