

2025 Manager's Budget Presentation Cape May City

March 19, 2025
Paul Dietrich
City Manager



Budget Timeline



- ▶ Budget Workshops w/ Manager - November 2024
- ▶ Managers Office worked with Kevin and Department Heads on requests for 2025
- ▶ Kevin worked with Leon our Auditor to craft the budget
- ▶ Anticipate meeting with each Councilperson to review budget before introduction
- ▶ Introduction April 15th (Resolution to extend statutory timeframe)
- ▶ Adoption May 20th

2025 Budget

- ▶ Anticipating 0% tax increase for 6th year in a row
- ▶ Current Fund Appropriations: \$28.0M
- ▶ Water/ Sewer Utility Appropriations: \$7.6M
- ▶ Beach Utility Appropriations: \$4.3M
- ▶ Tourism Utility Appropriations: \$1.6M
- ▶ Total Budget Appropriations: \$41.5M



2025 Budget Comparison



- ▶ Current Fund Appropriations: \$28.0M (\$26.9 + 4.1%)
- ▶ Water/ Sewer Utility Appropriations: \$7.6M (\$7.6 - 0.1%)
- ▶ Beach Utility Appropriations: \$4.3M (\$4.2M + 2.3%)
- ▶ Tourism Utility Appropriations: \$1.6M (\$1.3M + 22.6%)
- ▶ Total Budget Appropriations: \$41.5M (\$39.9M +4.0%)

Current Fund

How do we get there?



- ▶ Current fund local revenues, which are items like occupancy, parking, mercantile, and other revenues that the city generates aside from taxes, are projected to be around \$10.0M (\$400K over prior year). Occupancy, parking, and interest revenues remain strong, and we're employing our typical conservative approach to revenues.
- ▶ We're looking to use around \$6M of our surplus to fund the budget this year. This includes the funding of capital projects so that we don't have to issue debt for them in the future.
- ▶ For the third year in a row, we are funding historic bond ordinances in the budget. This means that we are able to pay for them using cash on hand as opposed to issuing new debt. We're looking at around \$1.2M of funding this budget year.

Current Fund

How do we get there?

- ▶ On the appropriations side, our largest expense is salaries. For 2025 we're currently budgeting a little over \$9.5M, which represents a base of 118 full time and approximately 50 seasonal/part time employees for Police and Public Works.
- ▶ We have been negotiating with six of our collective bargaining units. We are close to completing those negotiations with a goal to bring our employees closer to the 50th percentile in wages as compared to other Cape May County municipalities & the county.
- ▶ Our next largest item is operating expenses, which we are currently budgeting at around \$7.1M, a \$76k increase over last year. We were able to keep this section of the budget relatively flat with no impact to the services provide by the City.
- ▶ Total debt service this year is \$4.8M, in line with our bond payment schedules.



Water/ Sewer Utility

How do we get there?

- ▶ In our water/sewer utility we are projecting revenues of \$7.6M, which is in line with the prior year.
- ▶ We are using around \$400K of surplus to fund the budget, the same as last year.
- ▶ On an expense side we are looking to increase operating expenditures by \$80K to \$4.8M, based on historic performance.
- ▶ We are increasing our salary line by \$40k to \$1.0M to account for contract negotiations and the spreading of certain departmental salaries based on work done related to the water/sewer utility.
- ▶ 2025 Water/Sewer debt service is \$1.5M.
- ▶ We are well ahead of the State's requirement to remove all lead (galvanized) pipe distribution mains and services by 2031.



Beach Utility

How do we get there?



- ▶ In our beach utility we are anticipating \$3.6M in revenue, up from \$3.1M in the prior year based on strong beach tag sales coupled with the fee increase that was implemented last season. We are using \$780K of the beach utility's surplus to fund the budget.
- ▶ From an expenditures side we're budgeting for increases that have taken place in lifeguard and beach tagger salaries based on settled contracts and minimum wage increases. We are also continuing to update the amount that the beach utility reimburses other departments for time and labor, similar to Water/Sewer.
- ▶ 2025 Beach debt service is \$700K.

Tourism Utility

How do we get there?

- ▶ In the tourism utility we are projecting \$1.4M in revenue generation for 2025.
- ▶ We are using \$185k of the Utility's surplus to fund new and exciting events and programs this summer.
- ▶ Salaries and wages and other expenditures are budgeted at ~\$1.55M total (compared to \$1.25M in 2024) as we factor items such as staffing and events for the new community center, as well as our existing roster of events and planned new events.



Taxes

How does it affect me...

- ▶ The Tax Assessor added \$18.5M in improvements from 2024 which has a prorated value of \$9.6M, which added \$75k in tax revenue for the City
- ▶ We are anticipating \$360k in State Aid
- ▶ The Local Purpose Tax Rate will remain the same at \$0.361
- ▶ For a \$750,000 home the 2024 Local tax was \$2,707.50 and will be the same in 2025
- ▶ This does not include possible changes to the County and School tax rate



Revenues

Looking forward

- ▶ We had strong growth in revenue from Interest Earned, Mercantile Licenses, Parking fees and Occupancy Tax.
- ▶ Our interlocal agreements, EMS fees and Lease & Rent Contracts continue to supplement our revenue to the budget.
- ▶ We updated our fee schedules for Planning/Zoning and Mercantile Licenses in 2024 and have expanded two parking zones for the 2025 season.

Revenue	2022 Actual	2023 Actual	2024 Actual	2025 Budgeted
Interest	\$70,000	\$700,000	\$800,000	\$660,000
Mercantile	\$760,000	\$790,000	\$830,000	\$760,000
Parking	\$2,180,000	\$2,320,000	\$2,630,000	\$2,075,000
Occupancy	\$3,390,000	\$3,965,000	\$4,100,000	\$3,800,000
Surplus (Used)	\$3,400,000	\$4,140,000	\$5,900,000	\$6,000,000



Capital Projects Looking forward



We have several capital projects that we need to continue to move forward

- ▶ New Police Station (\$5M bond approved), anticipated to break ground in Fall 2025
- ▶ Expand Lifeguard Station (\$1.5M anticipated cost)
- ▶ ADA improvements at Tennis Club
- ▶ Seawall Extension (\$25M FEMA Mitigation Grant received), anticipate to break ground in Fall 2025 depending on Federal grant funding from FEMA
- ▶ Desalination Plant (\$33M estimated cost, \$12M Grants and applied for additional)
- ▶ Road & Utility Projects
 - ▶ Ohio Ave PH2, road reconstruction, water & sewer replacement (NJIB Grant)
 - ▶ Stockton Place, road reconstruction, water & sewer replacement (NJIB Grant)
 - ▶ Washington St, road reconstruction, water & sewer replacement (NJIB Grant)
 - ▶ Idaho Ave, road reconstruction, water & sewer replacement (NJIB Grant)
 - ▶ Idaho Ave, road reconstruction, water & sewer replacement (NJIB Grant)
 - ▶ Wenonah Ave, Road reconstruction (NJDOT Grant)
- ▶ Promenade Repairs & Resiliency upgrade (\$6.7M Grant, \$10M project), Started Spring 2025

Debt Ratio

Debt Ratio	
2019	1.495
2020	1.414
2021	0.978
2022	0.994
2023	0.923
2024	0.896

