

2024 Manager's Budget Presentation Cape May City



March 19, 2024
Paul Dietrich
City Manager

Budget Timeline



- ▶ Budget Workshops w/ Manager - November 2023
- ▶ Managers Office worked with Kevin and Department Heads on requests for 2024
- ▶ Kevin worked with Leon our Auditor to craft the budget
- ▶ Anticipate meeting with each Councilperson to review budget before introduction
- ▶ Introduction April 2nd (meets statutory timeframe)
- ▶ Adoption May 7th (meets statutory timeframe)

2024 Budget



- ▶ Anticipating 0% tax increase for 5th year in a row
- ▶ Current Fund Appropriations: \$26.8M
- ▶ Water/ Sewer Utility Appropriations: \$7.6M
- ▶ Beach Utility Appropriations: \$4.2M
- ▶ Tourism Utility Appropriations: \$1.3M
- ▶ Total Budget Appropriations: \$39.9M

2024 Budget Comparison



- ▶ Current Fund Appropriations: \$26.8M (\$24.3 +10.3%)
- ▶ Water/ Sewer Utility Appropriations: \$7.6M (\$7.5 +1.3%)
- ▶ Beach Utility Appropriations: \$4.2M (\$3.37M +24.6%)
- ▶ Tourism Utility Appropriations: \$1.3M (\$1.3M 0%)
- ▶ Total Budget Appropriations: \$39.9M (\$36.5M +9.3%)

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, we're projecting around \$9.6M, an increase of \$1M over prior year. This is supported specifically by strong occupancy, parking, and interest performance.
- ▶ Our surplus has grown to over \$14M, and we're looking to use around \$5.9M* of it 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. In the past three years we have generated an average of \$5.9M in surplus each year. ***With \$1.1M specifically designated to pay for upcoming capital projects.**
- ▶ For the second 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 \$1M of funding this budget year.

Current Fund

How do we get there?



- ▶ On an appropriations side, our largest expense is salaries. For 2024 we're currently budgeting a little over \$9M which represents a base of 118 full time and approximately 50 seasonal/part time employees for Police and Public Works. We are also currently budgeting for additional staff to include: 1 new firefighter, 1 records support employee, 1 Public Works laborer and additional seasonal help for the Public Works and Water/Sewer departments.
- ▶ Our next largest item is operating expenses, which we are currently budgeting at a little under \$7M, a \$150k increase over last year. We were able to cut some areas while also allowing for expenses such as a Police Reaccreditation program and necessary vehicle replacements through our lease program.
- ▶ Total debt service this year is \$4.5M in line with all of our bond payment schedules.

Water/ Sewer Utility

How do we get there?



- ▶ In our water/sewer utility we are projecting revenues of \$7.2M, which is in line with the prior year
- ▶ Water/Sewer surplus has grown to \$2.4M, of which we are using around \$400K to fund the budget
- ▶ On an expense side we are looking to cut operating expenditures by \$50K, down to \$4.7M, based on historic performance
- ▶ We are increasing our salary line by \$100k to \$1M to account for some seasonal help for the department, as well as proper spreading of certain departmental salaries based on work done for the water/sewer department.
- ▶ 2024 Water/Sewer debt service is \$1.7M
- ▶ 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 \$3.1M in revenue, up from \$2.7 in the prior year based on strong beach tag sales. We should note that while beach tag fee increases have gone into effect this year, per stature we are unable to project revenue higher than what was realized in the prior year, hence our \$3.1M cap. So to account for that we are utilizing additional surplus which will then regenerate as that new rate takes effect.
- ▶ Beach utility surplus has grown to \$2.6M, of which we are using \$1.1M 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 both union negotiations and minimum wage increases. We are also increasing the amount that the beach utility reimburses other departments, similar to Water/Sewer, as those numbers haven't been updated for a couple of years now.
- ▶ 2024 Beach debt service is \$700K

Tourism Utility

How do we get there?

- ▶ In the tourism utility we are projecting \$1.3M in revenue generation, similar to last year.
- ▶ Tourism surplus has grown to \$2.2M, and we currently don't need to use any of that to fund the budget so it can sit as a rainy day fund for them
- ▶ Salaries and wages and other expenditures are also in line with prior years, leading to total revenues and expenditures of \$1.3M for the year



Taxes

How does it affect me...



- ▶ The Tax Assessor added \$29.4M in improvements from 2023 which has a prorated value of \$18M, which added \$125k in tax revenue for the City
- ▶ We are anticipating \$358k in State Aid
- ▶ The Local Purpose Tax Rate will remain the same at \$0.361
- ▶ For a \$750,000 home the 2023 Local tax was \$2,707.50 and will be the same in 2024
- ▶ 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
- ▶ Updating our fee schedules for Planning/Zoning and Mercantile Licenses

Revenue	2021 Actual	2022 Actual	2023 Actual	2024 Budgeted
Interest	\$16,000	\$70,000	\$700,000	\$400,000
Mercantile	\$760,000	\$760,000	\$860,000	\$780,000
Parking	\$2,220,000	\$2,180,000	\$2,320,000	\$2,000,000
Occupancy	\$2,210,000	\$3,390,000	\$3,965,000	\$3,700,000
Surplus (Used)	\$3,360,000	\$3,400,000	\$4,140,000	\$5,900,000

Capital Projects Looking forward



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

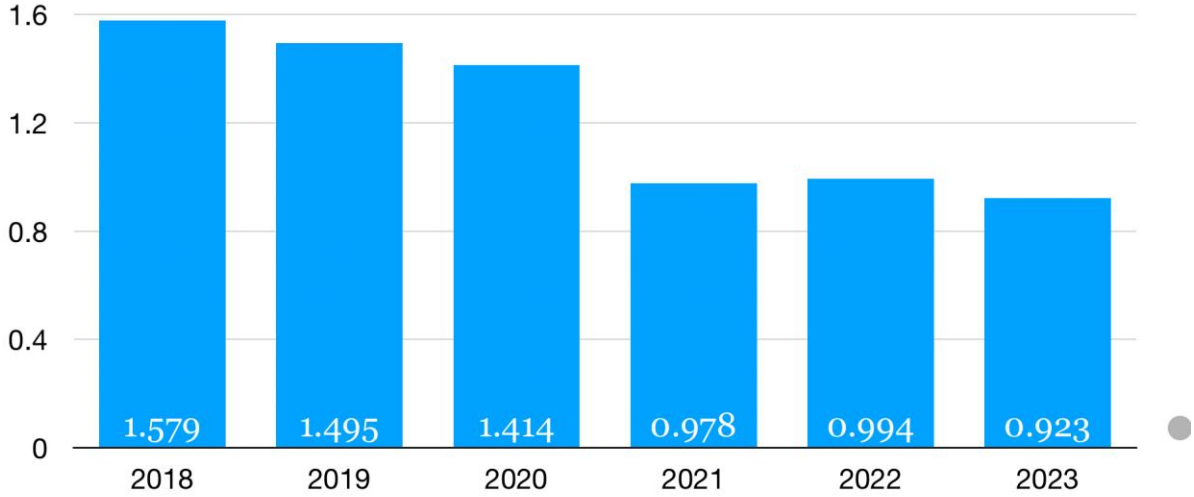
- ▶ New Police Station (\$5M bond approved)
- ▶ AME Church (\$240k County Grant, \$500k Historic Trust Grant)
- ▶ Seawall Extension (\$25M FEMA Mitigation Grant received)
- ▶ Desalination Plant (\$33M estimated cost, \$22.5M Grants)
- ▶ Road & Utility Projects
 - ▶ Franklin Street Streetscape (\$125k) & City Hall parking lot
 - ▶ Beach Ave, road reconstruction and sewer replacement
 - ▶ Ohio Ave, road reconstruction, water & sewer replacement (USDA Grant & \$395k NJDOT Grant)
 - ▶ Stockton Place, road reconstruction, water & sewer replacement (USDA Grant)
 - ▶ Washington St, road reconstruction, water & sewer replacement (USDA Grant)
 - ▶ Idaho Ave, road reconstruction, water & sewer replacement (USDA Grant)
- ▶ Promenade Repairs & Resiliency upgrade (\$6.7M Grant, \$10M project)
- ▶ Tax Assessment Revaluation (\$200k to update to digital tax map)

Debt Ratio



Debt Ratio

2018	1.579
2019	1.495
2020	1.414
2021	0.978
2022	0.994
2023	0.923



Debt Ratio has decreased 42% since 2018