

Mayor's 2021 Budget Letter



TOWN OF CLINTON
INCORPORATED APRIL 5, 1865
43 Leigh St., P.O. Box 5194
Clinton, N.J. 08809-5194
(908) 735-8616 FAX (908) 735-8082

March 25, 2021

Dear Clinton Residents;

Let me begin with my sincere gratitude – 2020 was a year unlike any we have experienced, and the residents of Clinton showed their compassion and grit as we navigated and continue to manage through these unprecedented times.

The Mayor and Council will introduce our 2021 budget on March 24, 2021, with the public hearing and adoption to be held on April 28, 2021. As of now the hearing for the 2021 budget will be held via zoom, however if restrictions are lifted, we will offer a hybrid meeting allowing for some in person as well as those who would prefer to participate via zoom.

This pandemic has taken its toll on so many communities and Clinton is no exception – we do have to acknowledge that for the past nine years we have worked diligently to establish a strong financial base, to pay down debt, establish a master plan for infrastructure and build a cash reserve. This will also provide us with the protection should we continue to experience revenue shortfalls going into 2022. Because we have taken these steps, the impact to our budget is not as dire as it could have been and because of our diligence we will not have to adjust our anticipated revenues for 2021.

We do know that we should continue to expect certain revenues to remain flat or go down. The line items we expect will to continue to be impacted are:

- Municipal Court Fines and Costs,
- Interest on Investments
- Hotel/Motel Occupancy Fee

As such we will continue the spending freeze for all but essential items – we will continue to evaluate budget capabilities.

So now into the budget – a couple of points of interest to note. First, at this time our ratable base is up just about 1% or \$3.9M – this is due in part to the housing market over the past year. As you may have noticed homes have and continue to sell relatively quickly once they go on the market. Second, we continue to maintain both a healthy surplus, and a sound financial management plan, in order to keep the Town financially strong. This planning includes proactively maintaining infrastructure and paying down debt. However, even with the Council's frugal approach, our costs are increasing for items such as health and liability insurance, and pensions continue to increase at a rate greater than our 2% cap. Even with these unavoidable increases, we have been able to limit the increase in Town taxes to 2 points by examining every budget item and cutting where we can.

As I state each year flat taxes or reductions are short term benefits with long term repercussions. While it would be amazing to offer a flat rate each year, remember that if we reduce services, implement further reductions, or adopt a flat budget, these actions will **ONLY apply to the municipal portion** of your property taxes, which represents 25% of your tax bill. From past experience we have learned that while this approach makes for a great sound bite, it can cause financial problems in future years.

To review the numbers in this year's budget, our overall our budget will increase \$136,156. Of that amount \$49,000 can be attributed to an increase in employee health benefits and \$39,783 in pensions. The remainder of the budget increases are attributed to statutory and contractual obligations.

Now that I have run through the highlights in our overall budget and some of the significant financial challenges, we will continue to face this year and going into 2022 possibly, we are looking at 2 points or a 2-cent increase. As stated in previous budget letters, if we cut the points, we would eventually have an impact on the services the Town provides, as well as seeing larger increases in the future. We don't want to see a repeat of 2013, when after multiple years of flat or reduced taxes, there was a significant increase (5 cents) because of the need to move back to practice sound financial planning.

I hope this letter provides an overall explanation of the Town's 2021 budget. As always feel free to reach out to me at 908.399.8921 and jkovach@clintonnj.gov, to any of the Council Members, our CFO Kathy Olsen, or our Business Administrator Rich Phelan. And as a reminder our public hearing on the budget will be April 28th via Zoom at 7:30PM (to attend, visit <https://zoom.us/j/6452208495>, or dial into 646.558.8656). If you have more questions, the Council and I will be happy to carefully go over them with you.

On a personal note, I again want to thank each of you for your patience as we have navigated this last year – and as we move forward remember to continue supporting our small business community. We are all in this together and we will come out stronger together. Stay safe.



Janice Kovach

Mayor

P.S. On March 11, 2021 President Biden signed the American Recovery Plan which will provide direct aid to municipalities, counties and states – from this plan Town of Clinton will receive a total of \$263,000. This money will be provided in two parts, half within 90 days of the signing of the ARP and the remainder in twelve months' time. While we have not been given clear direction on how the money is to be used, we do know that it is meant to stimulate the local economy, replace lost revenue and provide funding for infrastructure projects. We have also been advised that the money cannot be used to reduce property taxes. We will continue to update residents on the direct aid and its uses as we are provided with clear direction.