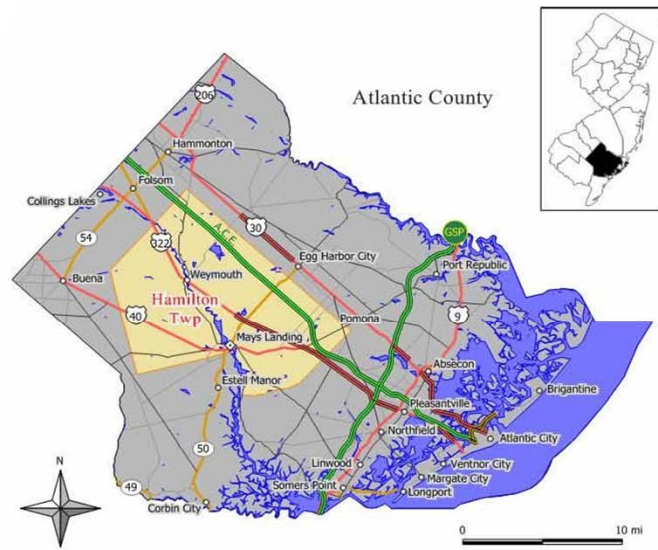




Fiscal Vitality
Committee
2011
Progress Report





Fiscal Vitality Committee

Bruce Strigh Chairman

Peggy Capone

Donald Woolslayer

James Kerrigan

Jennie Ayres

To Promote Fiscal Vitality throughout the Township of Hamilton through long-range budgetary planning, defining affordability , accountability and transparency

2010 Strategic Planning Initiative

- **Mission Statement**

To provide essential municipal services in the most effective, efficient, and affordable manner.

- **Vision Statement**

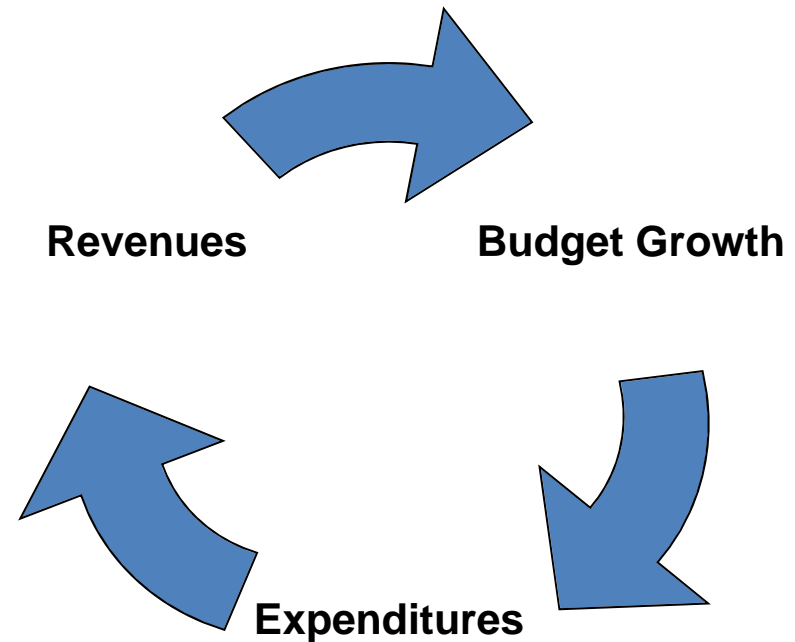
The Township of Hamilton strives to be a safe, affordable, diverse residential and business-friendly community.

Township of Hamilton



Overview

- Budget growth has outpaced the public's ability to sustain it and the Township's ability to fund it.
- New revenue streams must be sought
- New ideas must be explored to cut cost



Township of Hamilton



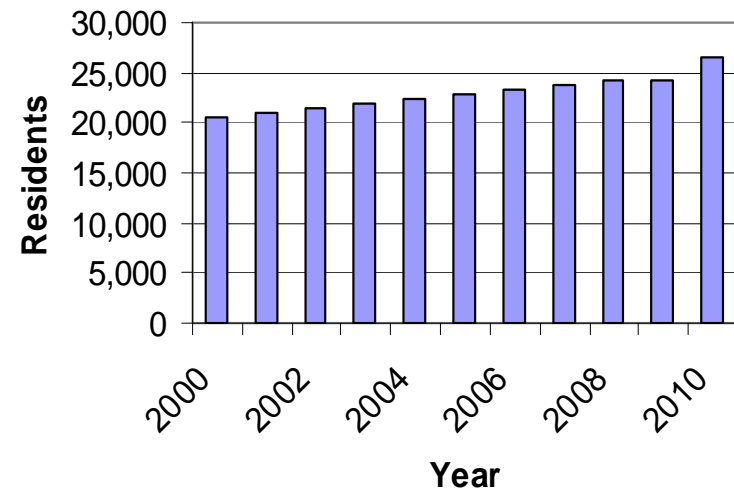
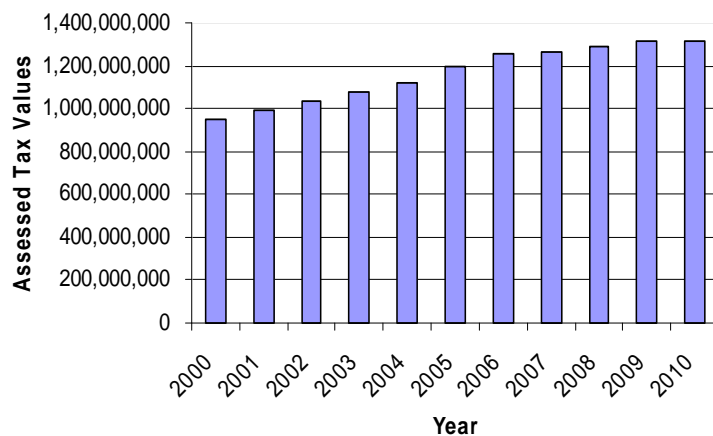
Goal 1: Establish the basis for the level of affordability for the Township

- OBSERVATION**

A comprehensive review of the Hamilton Township Budget over the last ten years from 2000-2010 revealed the taxable base rose 38%, population growth was 29%.

- RECOMMENDATION**

Establish the basis of affordability in budget growth from one year to the next as a rate between the rate of inflation, the taxable revenue growth and population growth.



Growth/Affordability

Population Growth: 29%

Assessed Tax Value: 37%

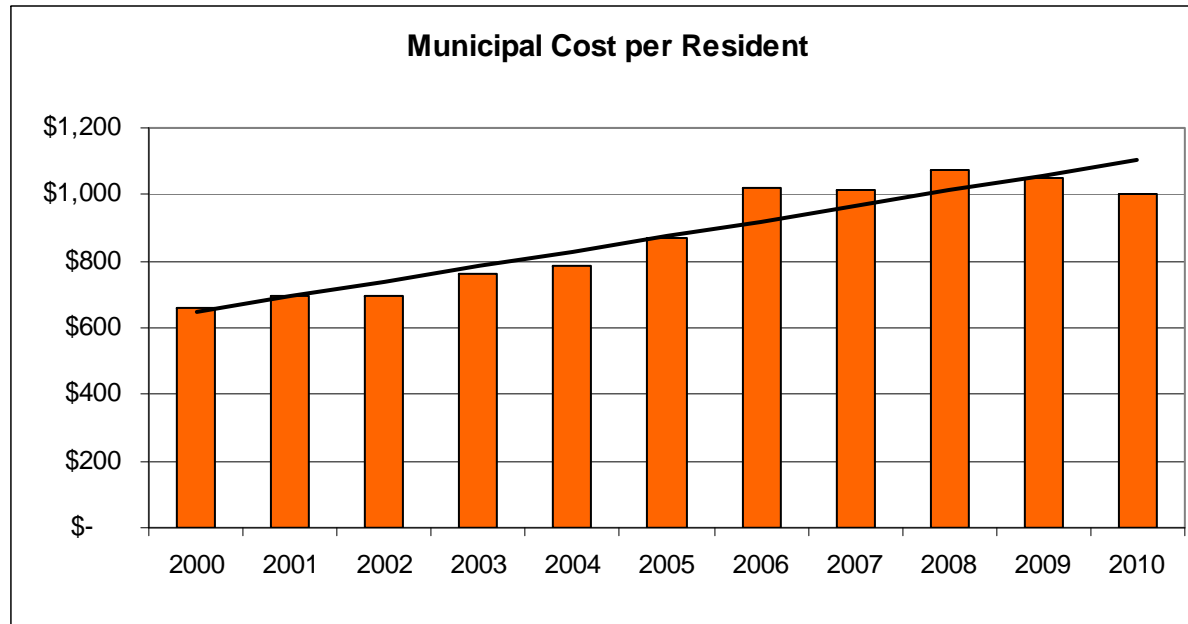
Cumulative Inflation: 25%

Affordability 30.33%

Township of Hamilton



Current Growth Trend



FY 2010: $\frac{\text{Municipal Budget} = 26,581,133}{\text{Population} = 26,503}$

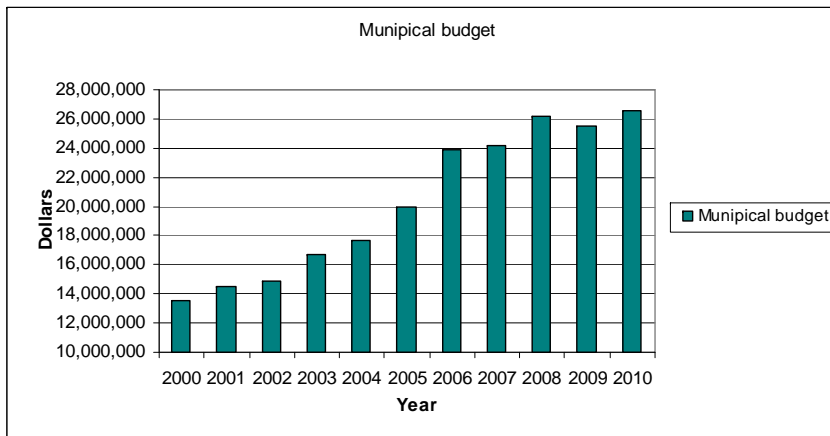
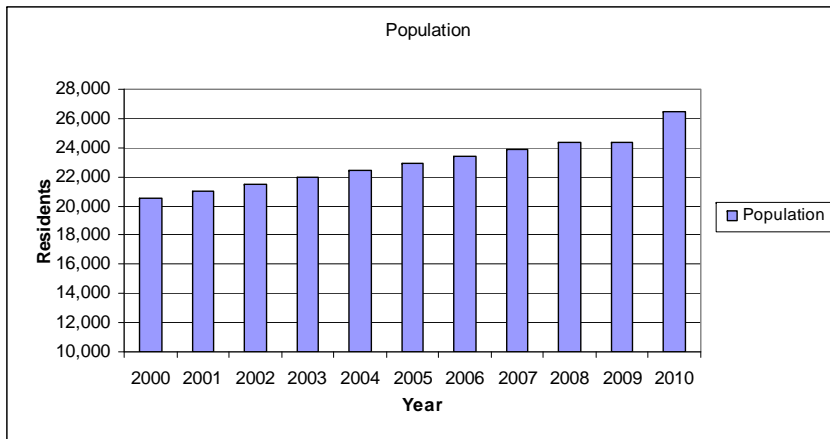
52% Increase per resident

Affordability = 30%

Township of Hamilton



Current Growth Trend

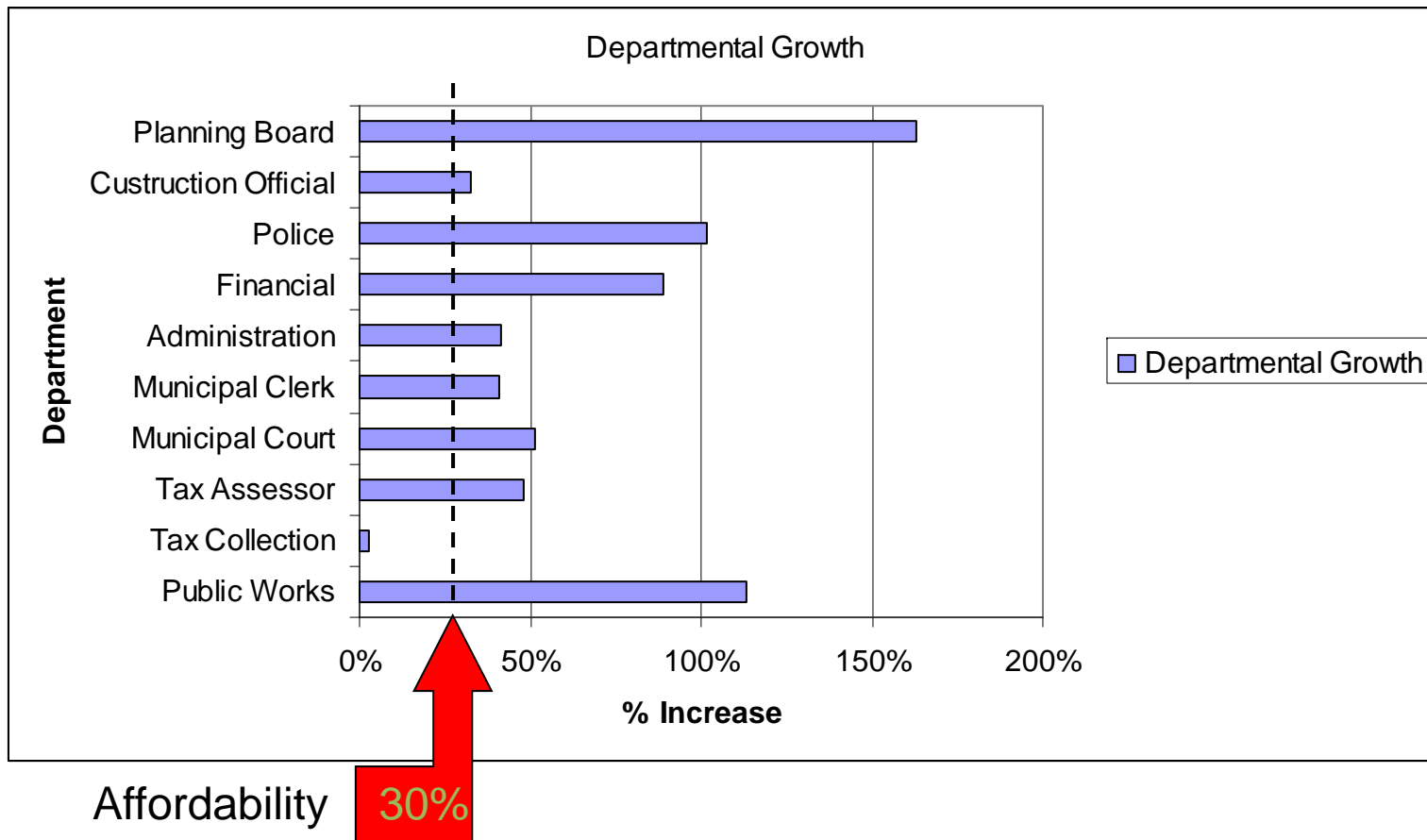


- Hamilton Twp Population increase **29%** over ten years
- EHT Population increase 41%
- Atlantic County increase 7%
- Hamilton Twp Municipal Budget increase **96%** over ten years
- EHT Municipal Budget increase 59%
- Atlantic County Tax increase 56%

Township of Hamilton



Goal 2: Collect, assemble and analyze key budget performance indicators over a ten year period

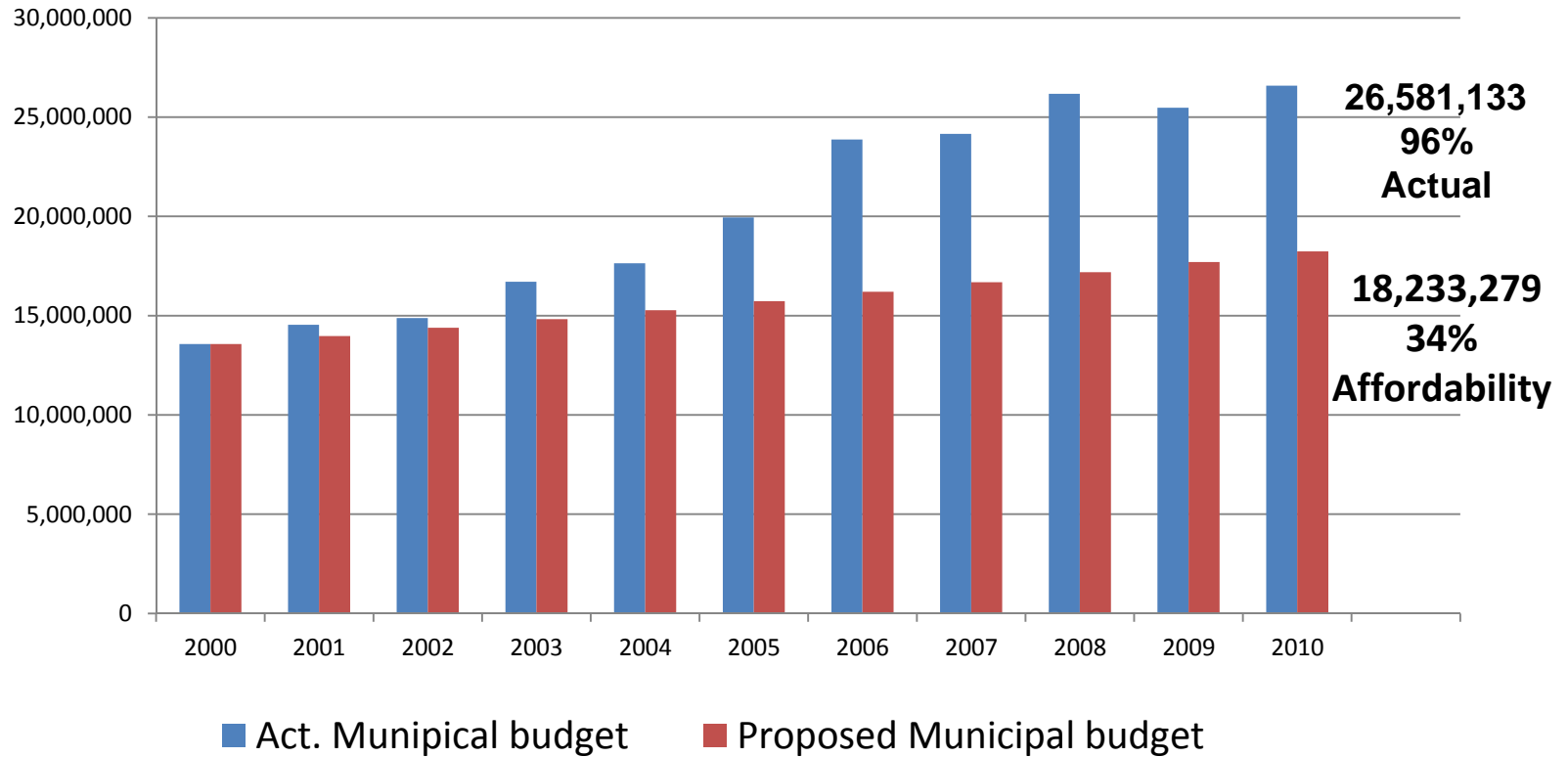


Key Expenditure Drivers over 10 years

- Municipal Budget ↑ 96%
- Salary & Wages ↑ 93%
- Pension Costs ↑ 626%
- Health Insurance Costs ↑ 141%
- Cost of Absenteeism ↑ 72%
– (\$990,640 FY2004; \$1,702,586 FY2010)
- Local purpose tax ↑ 154%



Budget Growth based on Affordability vs. Actual



Township of Hamilton



What are the Townships Primary Most Costly Functions?

Roads

- Paving
- Patching
- Sweeping
- Plowing
- Mowing
- Tree trimming
- Police Patrol

Township of Hamilton



Responsible Budget Growth

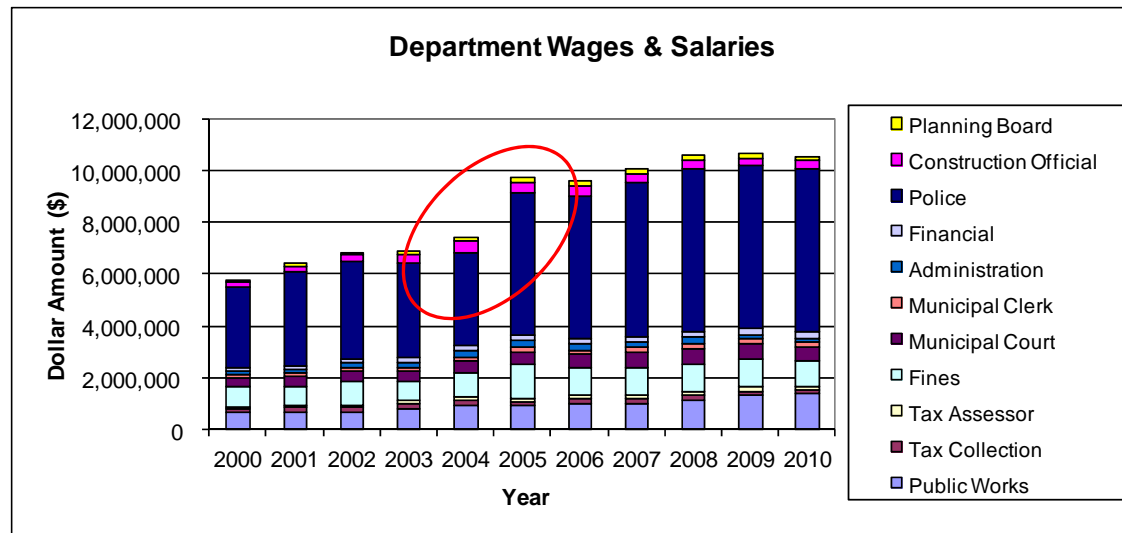
Budget Reduction Measures

- Staffing Assessment
- Establish hiring criteria
- What was the hiring or expansion criteria for this growth spurt?

Police Salaries

\$3,599,165

\$5,553,702



Township of Hamilton



2004 PBA Contract (current)

Average Cost of Township of Hamilton Police Officer: \$150,000 +

- Salary
- Pension
- Health Insurance
- Longevity
- Clothing
- Etc.

Township of Hamilton



Ten Year Personnel Growth Trend

Employees, full time



Wages & Salaries



- Some recent cuts have been made. Further reductions are required.
- Up until this point focus is on wages & salaries. (Unable to collect 2000~2003 data)
- Wages and Salaries have increased **93%** over ten years

Township of Hamilton



Full Time Employees

2001-134

2005-151

2006-171

2007-183

2008-176

2009-173

2010-164

2011-118

Township of Hamilton



Goal 3: Assist in providing guidelines, recommendations and incentives for cost reduction

- **OBSERVATION**

Primary focus for cost reduction has been in payroll numbers

- **RECOMMENDATIONS**

- Overtime reductions to reduce overtime expenses, absenteeism should not trigger automatic overtime.
- Use of seasonal employees coupled with workforce reductions
- Establishment of spending and salary caps

Goal 3: Assist in providing guidelines, recommendations and incentives for cost reduction

- **RECOMMENDATIONS**

- Establishment of key performance budgetary benchmarks to control spending budgetary growth
- Aggressively develop *Shared Service Agreements* with surrounding communities(i.e. tax assessing, tax collection, municipal court, law enforcement, etc.)
- Outsource options: Building Maintenance, Vital Statistics, Grounds Maintenance, Road Maintenance, Snow Removal, Payroll, Vehicle Repairs by the development of RFP's, seeking bids and utilization of state contracts.
- Seek outside assistance through the development of an RFP for evaluating the staffing levels and assignments to obtain efficiencies as a way to optimize government performance.

Goal 3: Assist in providing guidelines, recommendations and incentives for cost reduction

- **RECOMMENDATIONS**

- Explore procurement contracts for:
 - Fuel
 - Energy(Electric and Gas)
 - Vehicles
 - IT equipment and supplies
- Take advantage of Board of Public Utilities (BPU) incentive programs to reduce energy cost
 - Local Government Energy Audit Program
 - Pay for Performance options
 - Direct Install programs

Township of Hamilton



Goal 3: Assist in providing guidelines, recommendations and incentives for cost reduction

- **RECOMMENDATIONS**

- Absenteeism reduction. 17.2% of all wages and salaries is lost to absenteeism in 2010.
- Retirement options (626% increase in pension costs over ten years)
- Furlough options for employees

Township of Hamilton

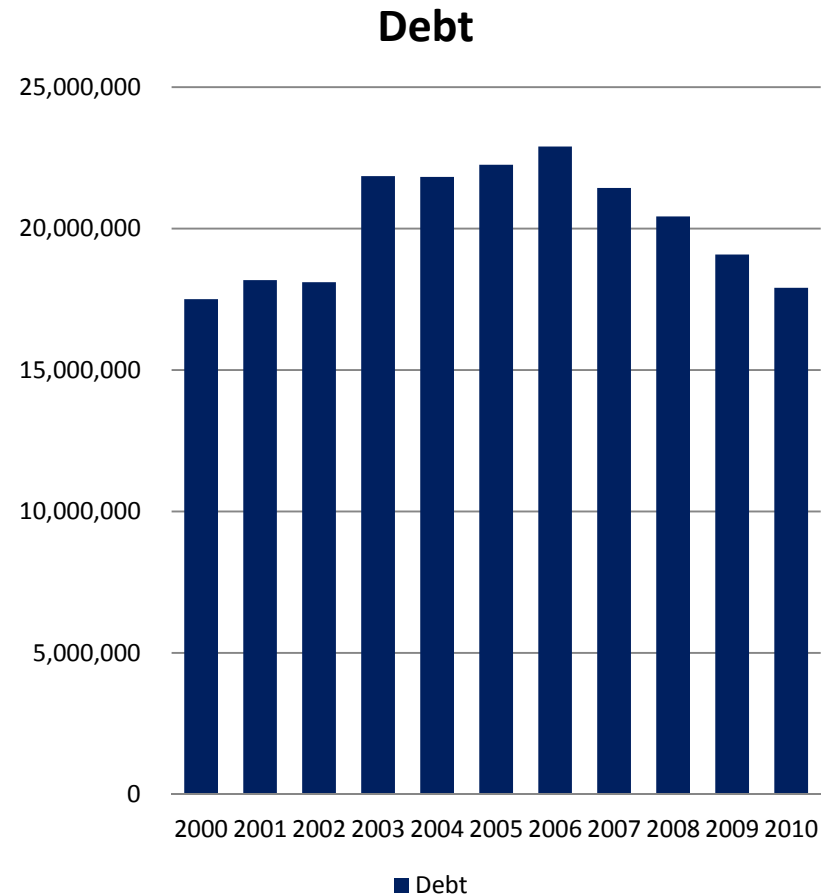


Municipal Debt

- Analysis

Average Debt:
\$20,136,103 over the 10
year period.

Taxpayer Paid :
7.5 Million Dollars in
Interest over the 10 Year
Period



Net Debt (Municipal)

We are in very good shape:

- ✓ 2004 \$21.8 million
- ✓ 2005 \$22.2 million
- ✓ 2006 \$22.9 million



Net Debt (Municipal)

NJSA 40A:2-6 Borrowing Limit =
\$72.5 million

We're only at \$22.9 million,
30% of our borrowing power.



Source: 2008 Budget
Presentation

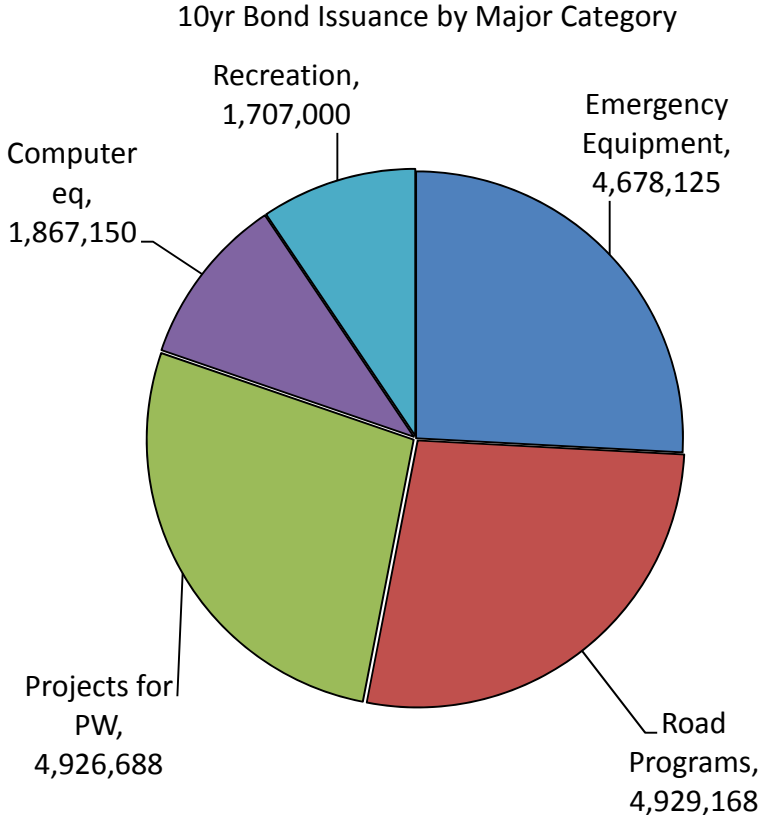


Bond Analysis

- Total Bonds Issued

2000-2010

\$23,219,256



Cost cutting measures

The screenshot shows a web browser window displaying the 'Local Government Energy Audit' page on the NJ Clean Energy website. The page features a navigation menu with categories like 'HOME', 'RESIDENTIAL', 'COMMERCIAL, INDUSTRIAL AND LOCAL GOVERNMENT', and 'RENEWABLE ENERGY'. The main content area includes a search bar, a 'Program Updates' section with several bullet points, and a 'Featured Success Story' for KPMG. A red circle highlights a link that says 'Download the complete package of Guidelines and Application Forms' under the 'LOCAL GOVERNMENT ENERGY AUDIT' heading. The browser's address bar shows the URL: http://www.njcleanenergy.com/commercial-industrial/programs/local-government-energy-audit/local-government-energy-audit.

Township of Hamilton

FREE



Goal #4: Assist in providing guidelines, recommendations and incentives for revenue growth

- **OBSERVATION**

There has been no focus on creating, evaluating and exploring new revenue streams

- **RECOMMENDATIONS**

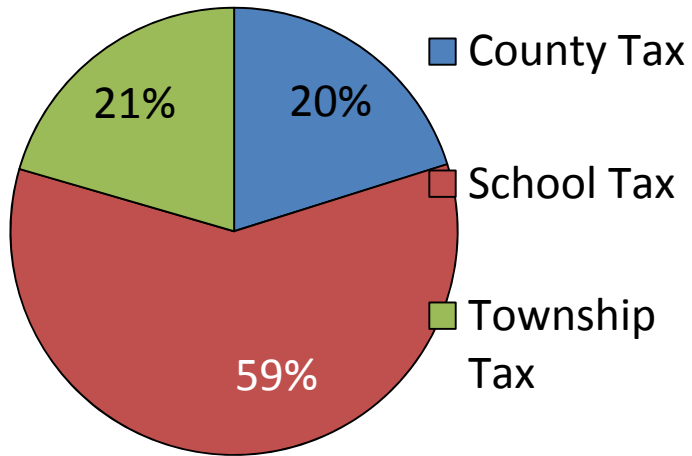
- Solar coverage on administrative complexes. Need to explore cost of ownership vs. power purchase. At least take advantage of utility deregulation.
- Creating a downtown business development plan this will create additional tax revenues.
- More responsible use of surpluses.

Township of Hamilton

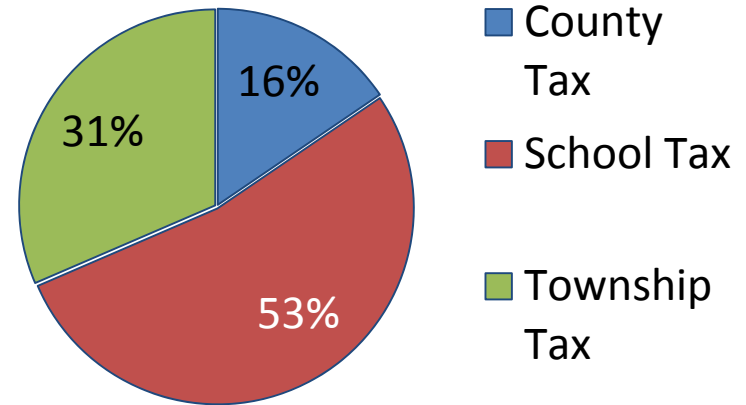


Tax Analysis

2000 Property Tax Distribution



2010 Property Tax Distribution



Township of Hamilton



Excesses

- Excessive hiring has limited the ability of the Township to fund payroll.
- Excessive borrowing for equipment that should be paid as we go has resulted in the inability to meet the payroll needs of the Township.

Township of Hamilton



Summary

- Sustainable growth built on accountable budget forecasting and responsible spending will assure fiscal vitality for the future of our community

