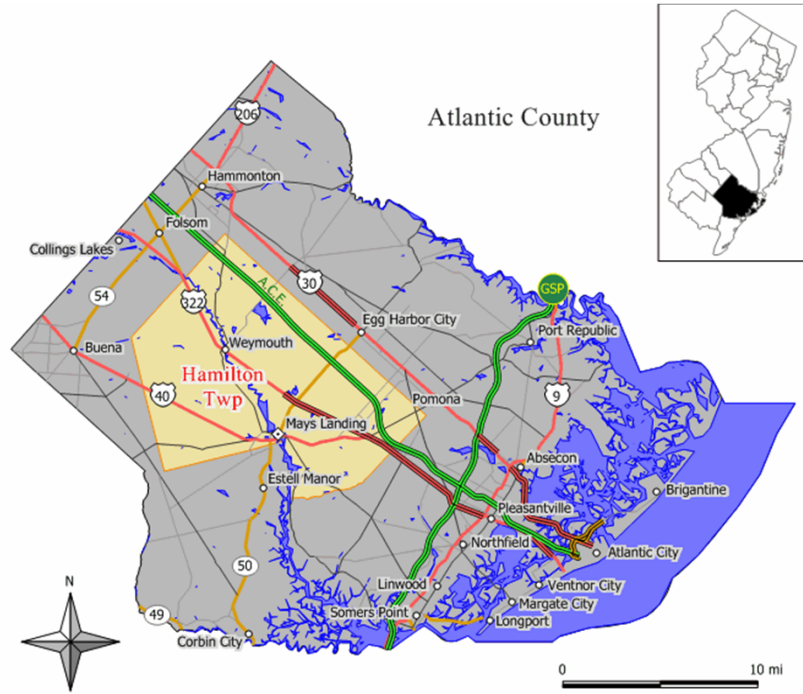




2011 Budget Status Report

January 18, 2011



- 1. History**
- 2. Projected Budget Challenge?**
- 3. How did we get there?**
- 4. Action Saves Jobs and Services**
- 5. Options To Explore?**





History

Township of Hamilton



Year-to-Year Comparison

<u>Year</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Shortfall</u>
2007	\$24,107,000	\$20,361,850	(\$3,745,150)
2008	\$26,177,572	\$22,780,072	(\$3,397,500)
2009	\$25,475,510	\$23,060,510	(\$2,415,000)
2010	\$26,595,620	\$24,710,640	(\$1,884,980)
PROJECTED 2011			
2011	\$26,388,000	\$24,018,000	(\$2,370,000)

Township of Hamilton





Projected Budget Challenge

Township of Hamilton



**Current budget projections
indicate a deficit of approximately:**

Expenses \$26,288,000

Revenues \$24,018,000

(\$2,370,000.00)





How Did We Get There?

Township of Hamilton



HOW DID WE GET THERE?

DECREASING REVENUES

Un-replenished Surplus.....	\$1,025,000
School Deferral.....	\$ 803,000
Local Revenue Reduction...	\$ 202,000
Garden State Trust.....	\$ 43,042
Grants/Offsetting Revs.....	\$ 26,898
<u>Reserve for Debt Service.....</u>	<u>\$ 163,966</u>

\$2,263,906.00

Township of Hamilton



INCREASED EXPENSES

Non Police Pension	\$ 130,301
Police Pension	\$ 184,450
Teamsters Pay Increase	\$ 80,000
<u>Expired Employee Concessions</u>	<u>\$ 258,754</u>

\$ 656,505.00





Action Saves Jobs & Services

Township of Hamilton



January 1, 2011 Challenge

\$2,370,000 in 365 days



In order to save \$2,370,000 in 365 days, the Township would have needed to reduce expenses or increase revenue as follows:

$\$2,370,000 / 12 = \$197,500$ per month

$\$2,370,000 / 52 = \$45,576$ per week

$\$2,370,000 / 365 = \$6,493$ per day

As of today's meeting we have overspent \$116,874

Township of Hamilton





New Challenge

$\$2,370,000 + 116,874 = \$2,486,674$ in 347 days

The Township now needs reduce expenses or increase revenue in the amount of **$\$2,833,146$** , and only has **347 days** to do so as follows:

$$\$2,486,674 / 11.38 = \$218,512 \text{ per month}$$

$$\$2,486,674 / 49.6 = \$ 50,134 \text{ per week}$$

$$\$2,486,674 / 347 = \$ 7,166 \text{ per day}$$

Township of Hamilton



Summary

The cost of waiting 18 days increases the challenge by **\$233,531**
or approximately **5 additional employees**
or approximately **one (1) tax point**

$\$2,370,000 / 365 = \$6,493$ per day

$\$2,486,674 / 347 = \$7,166$ per day

Difference per day= $\$673$ per day * 347 days = $\$233,531$

**So “ACTING NOW” will save approximately 1 cent on
the tax rate or save 2 additional employees
from being laid off each week.**

Township of Hamilton



Summary by Employee Unit

If the entire \$2,486,674 were to be saved with Lay offs the breakdown would be as follows:

SOA/PBA	50%	\$1,243,337
TEAMSTERS	25%	\$ 621,668
NON UNION	25%	\$ 621,668





Options To Explore

Township of Hamilton



A. Reductions in the Workforce

B. Employee Give Backs

C. Tax Increase

D. HTMUA Merger

E. Misc. Options

F. Summary Of Options

NOTE: Values may be shifted between options.



REDUCTION IN THE WORK FORCE

Township of Hamilton



Layoffs effective March 31, savings example:

Wages \$55,000 + FICA \$4,214	\$59,214
<u>Health Benefits</u>	<u>\$20,419</u>
Total Costs	\$81,180
25% of Cost paid	(\$20,295)
Accumulated Vacation paid	(\$ 3,000)
<u>Unemployment Ins. to be paid</u>	<u>(\$23,322)</u>
Total Savings in 2011	\$34,563



Example of savings of 2011 Budget:

28 Full-time Employees

9 Part-time Employees

3 Retirements

2 Inter-Local Agreement

Total Value \$1,010,640

Note: Effective March 31

Township of Hamilton



Comparison by Employee Units

<u>UNIT</u>	<u>WAGES</u>	<u>PERCENT</u>
SOA/PBA	\$ 6,546,179	50%
TEAMSTERS	\$ 3,251,144	25%
NON UNION	\$ 3,234,230	25%
TOTAL	\$13,031,544	

Township of Hamilton



Decrease of 31 Full-time Employees and 8 Part-time positions from across ranks:

PBA	11
Teamsters	16
Non-Union	12

The Township accepted a grant that, in general terms, requires reductions in the work force to be across the board.



REDUCTIONS IN THE WORKFORCE

2007 = 177 employees

2008 = 174 employees (attrition)

2009 = 164 employees (9 layoffs, 1 retirement)

2010 = 162 employees (2 retirements)

2011 = 123 employees (36 layoffs, 3 retirements)

We continue to get smaller.



Township of Hamilton

EMPLOYEE GIVE BACKS

Township of Hamilton



EMPLOYEE GIVE BACKS

Meetings with the unions could be conducted to determine if they would prefer contract reductions in lieu of additional layoffs. This measure would save jobs and lessen the impact to services, including public safety

The breakdown would be as follows:

SOA/PBA	\$100,000
TEAMSTERS	\$ 50,000
NON UNION	\$ 50,000



TAX INCREASE



A one cent tax increase under the new revaluation equals \$239,949.

A 2.5 cent increase would replace a portion of the lost revenue by raising \$599,772 in additional revenues



HTMUA MERGER

Township of Hamilton



Shared Resources



Employees:

- Director of Public Works
- Billing and Collections
- Snow Removal
- Vehicle Maintenance

Financial Software

Office Equipment, Space, Utilities

Professionals:

- Auditor
- Risk Management
- Attorney
- Engineering





HTMUA Surplus

The funds released from the bonding reserves should not be used to support reoccurring expenses related to the newly merged Township and HTMUA.

These funds should be used for one-time expenses such as repairs to systems, refunding of deferred expenses, etc.



- Outsourcing Vehicle Maintenance
- User Fees for specific services
- Leasing Athletic Fields
- Review take home vehicle policy
- Inter-Local Agreements



SUMMARY OF OPTIONS

NOTE: Values may be shifted among the options.

Township of Hamilton



SUMMARY OF OPTIONS

2011 Budget Challenge (\$2,370,000)

Workforce Reductions	\$ 899,459
Perm. Emp. Concessions	\$ 200,000
Tax Increase 2.5 cents	\$ 599,772
MUA Inter Local	\$ 111,181
Temporary School Deferral	<u>\$ 568,285</u>
TOTAL	\$ 8,697

Note: Workforce reductions still includes layoffs valued at \$1,010,640; however, without the MUA merger, this amount would need to be reduced.

Township of Hamilton



SUMMARY OF OPTIONS

New Year-to-Year Comparison

Including all options

<u>Year</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Shortfall</u>
2007	\$24,107,000	\$20,361,850	(\$3,745,150)
2008	\$26,177,572	\$22,780,072	(\$3,397,500)
2009	\$25,475,510	\$23,060,510	(\$2,415,000)
2010	\$26,595,620	\$24,710,640	(\$1,884,980)

PROPOSED 2011

2011	\$24,609,075	\$24,617,772	\$ 8,697
------	--------------	--------------	----------

Township of Hamilton



SUMMARY OF OPTIONS

2012 BUDGET

The concept of utilizing the \$1,010,000 savings from layoffs with the \$568,285 in School deferral should provide a 3 year budget solution.

In 2012 the Township could estimate an increase in pension and insurance in the area of \$200,000 and a loss of revenue due to the use of the one time school deferral of \$568,285 for a total of \$768,285.

Also, in 2012 the Township will save the cost spent in 2011 for 25% of the salaries and the pay outs for accumulated leave for those laid of in March. These two savings should provide approximately \$694,000.



2013 BUDGET

In 2013 the Township could once again estimate an increase in pension and insurance in the area of \$200,000, but there would not be a loss due to school deferral.

Also, in 2013 the Township will save the cost spent in 2012 for unemployment in the amount of \$597,747.



1. Authorize Twp. Administrator to meet with each department head to review the specific reductions in their department. In addition, each department head should be asked to provide a report on how these changes will affect the services they are required to provide.
2. Authorize the Twp. Administrator to meet with each of the Unions to discuss additional give backs vs. additional layoffs.
3. Authorize the Twp. Attorney to draft an Ordinance to merge the MUA and the Township.
4. Schedule a Special meeting of the Committee:
 - a. Authorize Twp. to send out lay off notices.
 - b. First Reading of Ordinance to merge the MUA and Township.



WARNINGS

If the employee reduction option outlined in this presentation is implemented there will be a reduction in services and less police officers to respond to incidents. Complaints and delays in service must be expected.

This will result in a major change in the services provided by the Township.



Governing Body Questions?

