



**2026 MUNICIPAL BUDGET
PRESENTATION FOR THE
TOWNSHIP OF MONTCLAIR**



MARCH 24, 2026

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To the Mayor and Council of the Township of Montclair

Tonight, the administration is presenting its' budget proposal for the Township of Montclair 2026 Municipal Current Fund and Utilities Funds.

I have been involved in NJ municipal budgeting and finance for over 45 year. I have come to realize that for too long municipalities have focused on the budget allocations to departments in a context that examines the details of spending within those departments rather than the bigger picture.

While it is important to understand how departments are spending the resources given to them, it is more important to understand what they do with those resources.

Budget year 2026 has already proven to be a difficult one throughout the state as the health care costs and school referendums have consumed the market and taken the air out of the budget deliberation discussions.

Montclair has not escaped this dynamic.

In order to address this the township leadership has taken steps to begin to control the budget and align the structural imbalances that many towns face.

Group insurance and labor costs are the drivers of the majority of budgets in New Jersey.

Primarily, the township extricated itself from the SHBP before that death spiral consumed the entire budget conversation. While the savings from that effort will not be seen until 2027, it is an important first step.

Secondly, the township has begun to restructure staffing across departments to achieve sustainable savings for this and future years.

The vast majority of appropriations are fixed. Debt service, pension obligations, other insurances, library, contractual obligations for professionals. On top of that there are the operationally required costs for utilities, recycling, solid waste.

And in Montclair the well-publicized Board of Education issues will have an effect on our budget for the Reserve for Uncollected Taxes allocation. In addition, the taxpayers will

experience a real and significant increase in their overall tax obligation to fund the BOE missteps over the past two years.

We are left to look at the department operating budgets (wages and other expenses) to offset these mandatory increases to begin to reshape the budget and organizational structure.

Our 2026 proposal will fund all of its obligations and look to reduce departmental costs by 5% (where permitted) to achieve a balanced budget within the context of the 2% increase in the levy and the tax rate.

The proposed increase is 2.2 cents or 2.55%. The increase in our budget for school increases alone is almost 1 cent of that.

The budget could have been structured to increase taxes beyond this level, by using the exceptions and prior years banking as the statutes permit. But there must be a balance between the continued ability for the taxpayer to pay for services and what those services are.

This is a budget that will require a unified effort from the department managers to reshape some of their service deliveries for this year and into the future.

That is the balance that all towns struggle with.

So, this year, rather than focusing on how much in office supplies each department spends we must approach the budget as a road map for a structured, sustainable budget that balances services with an understanding of the burden on the taxpayers.

Thank you



Joe Monzo

Interim CFO

CURRENT FUND OPERATIONS

Summary of the 2025 Results of Operations

- Excess of miscellaneous revenue collections over budgeted in the amount of \$ 1,470,065
- Deficit in the collection of delinquent taxes in the amount of \$ 125,346
- Excess in the collection of current year's taxes in the amount of \$ 383,618
- Unexpended 2024 budget appropriations lapsing to fund balance- \$ 5,036,672
- Passed an emergency appropriation to fund the revaluation of all property values
 - This \$ 2 Million will be funded over the next 5 years (\$ 400,000 per year)
- *The fund balance decreased from \$ 17,258,525 at the end of 2024 to \$ 16,239,000 at the end of 2025*

Expectations for the 2026 Budget

- The budget is projected to be \$ 1.55 M greater than the prior year
- The largest increases are for group insurance- \$ 3.1 Million
- The pension obligations decreased by \$ 435,000
- Municipal Debt service decreased by \$ 39,000; the type 1 school debt remained the same
- Capital improvements decreased \$ 1.5 Million
- The reserve for uncollected taxes has a place holder to increase by \$ 505,000. This number is dependent on the outcome of the school referendum questions and the FY 2026-2027 school budget. This will most likely change as we get closer to the introduction date of April 7th.

Other

- The assessed value increased from \$ 7,212,368,100 to \$ 7,217,719,800
- One cent on the tax rate is worth \$ 721,771

Utility Support

The Water, Sewer and Parking Utilities support the municipal budget for several major appropriations: pension, group insurance and the JIF assessment. These utilities have employees that support the operations of the municipality and share in employee related expenses. The same can be said for the JIF assessment. Our workers comp coverage

included employees from those utilities, and the physical plants and garage are covered by our liability insurance.

- Water Utility Support 1,028,000
 - Sewer Utility Support 431,000
 - Parking Utility Support 1,803,000
 - (includes \$ 1.3M in the parking utility fund balance used as revenue in the current fund)
 - Total \$ 3,262,000
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- Conversely, the current fund is required to appropriate the deficit in the 2025 Ice Rink Utility operations in the amount of \$ 270,000.

The net utility support from the Utility Funds is \$ 2,992,000

Final Thought

The budget as being presented assumes a 2.2 cent increase in the local tax rate from 86.8 cents to 89.0 cents. This is a 2.55 % increase.

Despite the increase in taxes and budgets cuts, the budget is balanced.

The following documents are the:

1. Budgeted revenues and actual collections for 2025 and the recommended anticipated revenues for 2026
2. Budgeted appropriations by department function for 2025 and recommended for 2026

CURRENT FUND REVENUES

	2025 <u>Anticipated</u>	2025 <u>Realized</u>	2026 <u>Anticipated</u>
Surplus Anticipated	8,000,000.00	8,000,000.00	7,000,000.00
Misc. Revenues A: Local Revenues: Fees, Fines, Permits (Municipal Court, ABC Licenses, etc.)			
ABC Licenses	64,000.00	68,000.00	60,000.00
Other Licenses	119,000.00	194,176.00	120,000.00
Fees and Permits	991,000.00	1,097,975.00	900,000.00
Court Fines	1,160,000.00	1,793,050.00	1,500,000.00
Interest and Cost on Taxes	750,000.00	675,245.00	650,000.00
Interest on Investments	2,440,000.00	2,056,334.00	2,000,000.00
Misc. Revenues B: State Aid (NJ Energy Receipts Tax, etc.)	3,002,446.00	3,002,446.00	3,002,446.00
Misc. Revenues C: Construction Code Fees (i.e. Building Permits)	1,421,181.00	1,973,978.00	1,750,000.00
Misc. Revenues D: Shared Service Agreements (i.e. Glen Ridge Fire, Cedar Grove, Verona, West Caldwell Health, BOE SRO)	1,267,134.00	1,278,700.00	1,256,000.00
Misc. Revenues F: Various State and Federal Grants	3,686,101.00	3,686,101.00	TBD
Misc. Revenues G: PILOTS, Cable TV Franchise, Hotel Tax, etc.			
PILOT's	5,927,087.00	6,656,011.00	6,240,500.00
Utility Operating Surplus	1,300,000.00	1,300,000.00	1,300,000.00
Capital Fund Surplus	150,000.00	150,000.00	150,000.00
Reserve for Debt Service (School)	134,549.00	134,549.00	134,549.00
Trust Assessment	30,000.00	30,000.00	30,000.00
Rent Control Revenue	85,000.00	82,610.00	80,801.00
Alarm Registration Fees	110,000.00	114,538.00	100,000.00
Penalty on Delinquent Taxes	130,000.00	104,286.00	100,000.00
Admin Fee- Police Off Duty	440,000.00	400,153.00	400,000.00
Rear Yard Refuse Collection	29,000.00	28,600.00	25,000.00
Hotel Tax	370,000.00	218,572.00	200,000.00
Celluar lease	60,000.00	91,240.00	90,000.00
Cable Franchise Fees	400,639.00	400,639.00	369,000.00
Total Misc. Revenues (A,B,C,D,F,G)	24,067,137.00	25,537,203.00	20,458,296.00
Receipts from Delinquent Taxes	2,450,000.00	2,324,653.00	2,750,000.00
Subtotal General Revenues	34,517,137.00	35,861,856.00	30,208,296.00
Amount to be Raised by Taxes for Support of Municipal Budget:			
a. Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	62,590,915.00	62,974,533.00	64,249,412.12
b. Addition to Local School District Tax	7,744,101.00	7,744,101.00	7,878,178.00
c. Minimum Library Tax	3,888,915.00	3,888,915.00	4,271,356.00
Total Amount to be Raised by Taxes for Support of Municipal Budget	74,223,931.00	74,607,549.00	76,398,946.12
Total General Revenues	<u>108,741,068.00</u>	<u>110,469,405.00</u>	<u>106,607,242.12</u>

CURRENT FUND EXPENSES

Appropriations Category	2025 MODIFIED BUDGET	2026 APPROPRIATED	CHANGE	CHANGE (%)
Mayor and Council	87,072.00	82,700.00	(4,372.00)	-5.02%
Township Manager's Office	1,066,785.84	1,013,445.00	(53,340.84)	-5.00%
Human Resources	401,289.97	381,223.00	(20,066.97)	-5.00%
Information Technology	918,144.07	872,236.00	(45,908.07)	-5.00%
Network Modernization Project	0.00	320,000.00	320,000.00	#DIV/0!
Complete Streets Department	0.00	200,000.00	200,000.00	N/A
Sustainability Department	0.00	200,000.00	200,000.00	N/A
Township Clerk	318,454.33	302,531.00	(15,923.33)	-5.00%
Election Expenses	205,000.00	194,750.00	(10,250.00)	-5.00%
Township Attorney	740,224.13	703,212.00	(37,012.13)	-5.00%
Municipal Court	745,687.82	708,402.00	(37,285.82)	-5.00%
Finance Department	128,162.40	165,000.00	36,837.60	28.74%
Accounting and Treasury	260,664.17	247,630.00	(13,034.17)	-5.00%
Primepoint, etc.)	231,000.00	231,000.00	-	0.00%
Tax Assessor	789,034.39	749,582.00	(39,452.39)	-5.00%
Tax Collection	297,552.75	282,674.00	(14,878.75)	-5.00%
Municipal Audit (OE)	45,000.00	55,000.00	10,000.00	22.22%
Planning and Community Development	628,531.21	597,104.00	(31,427.21)	-5.00%
Planning Board (OE)	73,400.00	69,730.00	(3,670.00)	-5.00%
Zoning Board of Adjustment (OE)	20,800.00	19,760.00	(1,040.00)	-5.00%
Rent Control Administration	134,753.67	56,500.00	(78,253.67)	-58.07%
Dept. of Admin. and Code Enforcement	752,774.14	715,135.00	(37,639.14)	-5.00%
Police Department	17,755,260.50	16,867,497.00	(887,763.50)	-5.00%
Police Vehicles (Enterprise)	0.00	114,658.00	114,658.00	#DIV/0!
Fire Department	10,836,423.80	10,272,100.00	(564,323.80)	-5.21%
Fire Truck - Operating Lease	212,576.53	212,576.00	(0.53)	0.00%
Dept. of Community Services (DCS) Admin.	999,285.31	949,320.00	(49,965.31)	-5.00%
Engineering (OE)	450,000.00	300,000.00	(150,000.00)	-33.33%
Street Repair and Maintenance	638,782.99	606,642.00	(32,140.99)	-5.03%
Storm Sewers Repairs and Maintenance	52,500.00	49,875.00	(2,625.00)	-5.00%
Refuse Collection and Disposal	1,486,253.54	1,441,940.00	(44,313.54)	-2.98%
Mandatory Recycling Act	1,759,423.91	1,671,451.00	(87,972.91)	-5.00%
Storm Clearance	250,000.00	100,000.00	(150,000.00)	-60.00%
Traffic	331,395.64	314,825.00	(16,570.64)	-5.00%
Central Garage Operations	758,641.13	720,708.00	(37,933.13)	-5.00%
Building Maintenance	874,010.34	830,309.00	(43,701.34)	-5.00%
Parks Maintenance	643,941.57	611,743.00	(32,198.57)	-5.00%
Shade Trees	348,833.60	331,392.00	(17,441.60)	-5.00%
Recreation and Cultural Affairs	1,183,781.37	1,124,591.00	(59,190.37)	-5.00%
Health Services	1,010,656.78	960,123.00	(50,533.78)	-5.00%
Senior Services	633,996.62	602,296.00	(31,700.62)	-5.00%
Nursing Services (S&W)	424,971.10	403,722.00	(21,249.10)	-5.00%
Animal Control	662,155.35	629,047.00	(33,108.35)	-5.00%
Uniform Construction Code	1,172,087.80	1,113,483.00	(58,604.80)	-5.00%
TOTAL OPERATIONS	50,329,308.77	48,395,912.00	(1,933,396.77)	-3.84%

Appropriations Category	2025 MODIFIED BUDGET	2026 APPROPRIATED	CHANGE	CHANGE (%)
Misc. and Other				
Unemployment Insurance - (OE)	30,000.00	50,000.00	20,000.00	66.67%
Montclair Early Childhood Corp.	278,000.00	278,000.00	-	0.00%
Liability Insurance (JIF)	2,680,792.00	2,285,373.84	(395,418.16)	-14.75%
Employee Group Health Insurance	7,643,602.80	10,193,597.00	2,549,994.20	33.36%
Health Benefit Waiver	220,000.00	200,000.00	(20,000.00)	-9.09%
Misc. and Other	10,852,394.80	13,006,970.84	2,154,576.04	19.85%
Unclassified				
Solid Waste Refuse Tipping Fees	1,319,500.00	1,100,000.00	(219,500.00)	-16.64%
Gasoline	390,000.00	468,000.00	78,000.00	20.00%
Fuel Diesel	330,000.00	396,000.00	66,000.00	20.00%
Electricity	660,000.00	772,200.00	112,200.00	17.00%
Telephone	360,000.00	360,000.00	-	0.00%
Natural Gas	228,800.00	228,800.00	-	0.00%
Street Lighting	605,000.00	707,850.00	102,850.00	17.00%
Building Maintenance	100,000.00	100,000.00	-	0.00%
Postage	100,000.00	100,000.00	-	0.00%
Copier Lease	27,500.00	27,500.00	-	0.00%
PY Bills	224.78	275,000.00	274,775.22	122241.85%
Credit Card Processing Fees	36,000.00	36,000.00	-	0.00%
Salary and Wage Adjustments		1,250,000.00	1,250,000.00	#DIV/0!
Accumulated Absences	1,000.00	51,000.00	50,000.00	5000.00%
Unclassified	4,158,024.78	5,872,350.00	1,714,325.22	41.23%
Statutory Expenditures				
Public Employees Retirement System (PERS)	1,739,413.48	1,686,000.00	(53,413.48)	-3.07%
Social Security (FICA)	1,493,598.24	1,600,000.00	106,401.76	7.12%
Police and Fire Retirement System (PFRS)	8,162,030.71	7,780,000.00	(382,030.71)	-4.68%
Defined Contribution Retirement Plan (DCRP)	50,000.00	50,000.00	-	0.00%
Deficit In Ice Rink Arena Utility		270,032.49	270,032.49	#DIV/0!
Deferred Charge PY Emergency		100,000.00	100,000.00	#DIV/0!
Special Emergency for Revaluation		400,000.00	400,000.00	#DIV/0!
Maintenance of Free Public Library	3,888,915.00	4,271,356.79	382,441.79	9.83%
Additional Library Support	515,000.00	350,000.00	(165,000.00)	-32.04%
Statutory Expenditures	15,848,957.43	16,507,389.28	658,431.85	4.15%
Capital Improvements				
Capital Improvement Fund (DownPayments)	620,000.00		(620,000.00)	
Police Improvements	155,000.00		(155,000.00)	
Fire Improvements	300,000.00		(300,000.00)	

Appropriations Category	2025 MODIFIED BUDGET	2026 APPROPRIATED	CHANGE	CHANGE (%)
Senior Service/Health Improvements	70,000.00		(70,000.00)	
IT Improvements	106,000.00		(106,000.00)	
Building Repairs and Improvements	0.00	450,000.00	450,000.00	
Stormwater Improvements and Flood Control	250,000.00	400,000.00	150,000.00	
Park and Playground Safety Improvements	0.00	400,000.00	400,000.00	
Municipal Vehicles and Equipment	1,357,000.00	100,000.00	(1,257,000.00)	
Capital Improvements	2,858,000.00	1,350,000.00	(1,508,000.00)	-111.70%
Shared Services	1,442,134.00	1,442,134.00	-	
Municipal Debt Service				
Payment on Bond Principal	7,405,000.00	7,555,000.00	150,000.00	2.03%
Interest on Bonds	1,182,440.00	1,000,808.00	(181,632.00)	-15.36%
BID Loan Repayment	32,666.67	33,000.00	333.33	1.02%
Green Acres Loan	43,500.00	35,500.00	(8,000.00)	-18.39%
Type 1 School Bond Principal	6,665,000.00	6,860,000.00	195,000.00	2.93%
Type 1 School Interest on Bonds	1,213,650.00	1,018,178.00	(195,472.00)	-16.11%
Municipal Debt Service	16,542,256.67	16,502,486.00	(39,770.67)	-0.24%
Reserve for Uncollected Taxes	3,024,092.59	3,530,000.00	505,907.41	16.73%
TOTAL GENERAL APPROPRIATIONS (No Grants)	105,055,169.04	106,607,242.12	1,552,073.08	1.48%
Grants	3,685,899.00			
Total Appropriations with Grants	108,741,068.04	106,607,242.12	1,552,073.08	1.48%

UTILITY OPERATIONS

The township has four utility operations, Water, Sewer, Parking and Ice Rink.

While these funds are subject to most NJ Budget Law rules, they are not subject to the appropriation cap or levy cap (user rate) restrictions. There are no "taxing" considerations.

Because of this distinction the budget formulation is different than the current fund.

Primarily the revenue is user fee based, not tax. And there are fewer of them than in the current budget.

On the spending side the expenses are categorized as such:

- Salaries- for the employees that work and support the utility.
- Other expenses- again for the support and operations of the utility. This also includes the utility share of group and other insurance coverages.
- Debt service- attributable to debt issued to support utility capital operations.
- Pension- the share of those utilities pension obligations based on the utility wages.
- FICA- social security share of wages
- Deferred Charges

The three largest, and longest operating utilities all had good operational years.

The newly formed Ice Rink Utility experienced some first-year growing pains.

The following is a summary of 2025 operations for each utility as well as an accounting of the revenue and spending side of each utility for the 2025 adopted budget and the 2026 recommended budget.

THE WATER UTILITY

Results of 2025 Operations

- Excess of actual revenue collections over budgeted- \$ 1,174,000
- Unexpended 2024 budget appropriations lapsing to fund balance- \$ 926,000
- Fully funded \$ 3 Million in capital improvements without having to issue debt
- *The fund balance increased from \$ 3,547,000 at the end of 2024 to \$ 4,121,000 at the end of 2025*

The Water Utility was self-liquidating at the end of the year. That means that the utility ended the year in a positive financial position and is well poised for 2026 and beyond.

Expectations for the 2026 Budget

- The anticipated budget is \$ 11,516,975.
- The budget will use \$ 70,000 less fund balance to support the budget
- The budget will use \$ 50,000 less water rents to support the budget
- The debt service budget will decrease by \$ 15,000
- The insurance budgets will absorb similar increases for group and other insurance expenses
- The capital improvement budget will remain at \$ 3,000,000, fully funded by operations (i.e.- no further debt issuance)

The following are the revenue and appropriation details for the adopted 2025 budget and the anticipated 2026 budget.

THE SEWER UTILITY

Results of 2025 Operations

- Excess of actual revenue collections over budgeted- \$ 474,000
- Unexpended 2024 budget appropriations lapsing to fund balance- \$ 544,000
- Fully funded \$ 2 Million in capital improvements without having to issue debt
- *The fund balance decreased from \$ 2,729,000 at the end of 2024 to \$ 2,409,000 at the end of 2025*

Expectations for the 2026 Budget

- The anticipated budget is \$ 10,215,700
- The budget will use \$ 131,000 less fund balance to support the budget
- The budget will use \$ 369,000 more in sewer rents and other revenue to support the budget
- The obligation to the PVSU is the largest driver of the increase to the budget at an increase of \$ 570,000
- The insurance budgets will absorb similar increases for group and other insurance expenses
- The debt service budget remains unchanged
- The capital improvement budget will decrease by \$ 500,000 to \$ 1,500,000 fully funded by operations (i.e.- no further debt issuance)

THE PARKING UTILITY

Results of 2025 Operations

- Excess of actual revenue collections over budgeted- \$ 620,000
- Unexpended 2024 budget appropriations lapsing to fund balance- \$ 1,430,000
- Fully funded \$ 250,000 in capital improvements without having to issue debt
- *The fund balance decreased from \$ 3,132,000 at the end of 2024 to \$ 2,979,000 at the end of 2025*

The Parking Utility was self- liquidating at the end of the year. That means that the utility finished the year in a positive financial position and is well poised for 2026 and beyond.

Expectations for the 2026 Budget

- The anticipated budget is \$ 5,882,000
- The budget will use \$ 22,000 less fund balance to support the budget
- The budget will use \$ 82,000 more in other revenues to support the budget
- The insurance budgets will absorb similar increases for group and other insurance expenses
- The debt service budget will decrease by \$ 115,000
- The capital improvement budget will remain at \$ 250,000, fully funded by operations (i.e. - no further debt issuance)

The following are the revenue and appropriation details for the adopted 2025 budget and the anticipated 2026 budget.

THE ICE RINK UTILITY

Results of 2025 Operations

The Ice Rink Utility and its budget were created in 2025 by a Special Item of Revenue (after the adoption of 2025), midway through the year.

Due to some operational issues the rink did not become operational until the fall of the year.

- The revenue expectations set forth in the 6-month budget of \$ 460,444 fell short by \$ 270,000.
 - *This deficit in operations must be raised in the 2026 CURRENT FUND BUDGET*
- The original budget did not account for the need to issue and bond ordinances. An ordinance for \$ 1,000,000 was adopted. However, because it was the first year of the utility it was not considered self-liquidating and an emergency appropriation was adopted for \$ 50,000 for the down payment, required by the Local Bond Law
 - *This emergency must be raised in the 2026 Ice Rink Budget*

Expectations for the 2026 Budget

As of this meeting we are still awaiting information from the management company with an estimate for 2026 revenues and expenses.

When that information is provided it will be shared with the Council and incorporated into the 2026 budget.

Next Steps

The administration is recommending that the budget be introduced at the meeting of April 7th , with a scheduled adoption of May 5th.

Both dates would meet the statutory requirements.

Thank you