

# Citizens Finance Advisory Committee 2019 Princeton Budget Newsletter



## Total 2019 Property Tax Rate Increases by 1.7% Municipal Rise Accounts for One Fifth of Increase

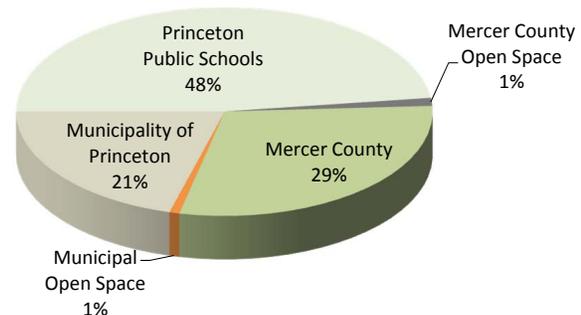
### Total Property Tax

- Princeton residents' total property tax rate increased 1.7 percent from last year, as a result of increases to the municipal and school tax rates. The county tax rate remained the same as last year.
- Residents whose homes are assessed at the 2019 municipal average of \$838,562 will see their total tax bill increase by \$335 from last year.
- Of this total rise of \$335 for a home assessed at the municipal average, \$67 of this amount results from an increase in the municipal tax and \$268 from an increase in the school tax.

### Municipal Tax

- The municipal portion of Princeton's 2019 property tax bill increased by slightly more than 1.6 percent from 2018.
- For a home assessed at the municipal average of \$838,562, this will add \$67 in municipal taxes for 2019.
- To put this year's increase in context, please note that municipal tax rate increases have averaged less than 7/10 of 1 percent per year for the last nine years.
- This year's increase results primarily from:
  - The projected cost of hiring professional firefighters to supplement the municipality's volunteer force;
  - A temporary increase in staffing at the police department;
  - Increases in building maintenance costs;
  - Increases in the costs of trash collection and recycling; and
  - Decreased revenues from court fines.

### Your 2019 Tax Bill



### 2019 Average Tax Bill

(based on residential value of \$838,562)

	2019		Change vs 2018	
	Avg. Tax Bill	Tax Rate	Tax Rate	Tax Bill
<b>Princeton Municipal Tax*</b>	\$ 4,134	0.493	1.6%	\$ 67
<b>Municipal Open Space</b>	\$ 143	0.017	0.0%	\$ -
<b>Princeton Public Schools</b>	\$ 9,652	1.151	2.9%	\$ 268
<b>Mercer County Govt &amp; Open Space</b>	\$ 5,962	0.711	0.0%	\$ -
<b>Total</b>	<b>\$ 19,891</b>	<b>2.372</b>	<b>1.7%</b>	<b>\$ 335</b>

\*Includes library tax

On the next page you will find a series of frequently asked questions, accompanied by answers, about your property tax bill.

**Please note that this newsletter focuses on municipal taxation and budgets.** The town is only the billing and collecting agent for the school and county portion of the tax bill. If you want more information about municipal taxes or about Princeton's municipal budget, please call Access Princeton, at 609-924-4141, or visit [www.princetonnj.gov/finance.html](http://www.princetonnj.gov/finance.html).

## Letter from the Mayor

Welcome to the 2019 Citizens Finance Advisory Committee newsletter. This year's municipal budget includes a tax increase, primarily driven by rising recycling costs, paid firefighters, and a temporary increase in police department staffing. Continued efforts to control costs and practice sound fiscal planning have minimized its size.

Various grants help pay for infrastructure improvements and other projects. A \$1 million federal Safe Routes to Schools grant will fund pathway and intersection improvements along Rosedale Road and General Johnson Drive. The Pew Charitable Trusts awarded Princeton a \$50,000 Climate Resiliency grant to develop a program to ensure the safety and protection of elderly and other vulnerable residents during severe weather events. Bloomberg Philanthropies named Princeton one of 35 national Champion Cities as part of its Mayors Challenge. We used the \$100,000 award to lay the groundwork for redesigning our food waste program. Problems with our hauler led to a temporary suspension of the program, but we are now considering

acquiring a food waste digester at a steeply discounted price to operate the program ourselves. It provides an exciting opportunity to convert our food waste into compost in a more sustainable and cost-effective way.

Shared Services provide another way to cut costs. The Municipality shares various health and animal control services with several surrounding communities and shares some IT functions with the school district and public library. The Municipality and School District are partnering on a formal study of additional shared services with the dual goals of further taxpayer savings and improved service delivery. Budget pressures require tough choices, including Council's decision to cut funding to Princeton Community TV for an annual savings of approximately \$200,000.

Housing affordability remains one of Council's key priority areas. As this newsletter went to press, Council is in the final phases of negotiating an affordable housing plan grounded in the smart growth principles of economic prosperity, social equity,

(continued on page 2)

## Frequently Asked Questions

### Did my 2019 property taxes go up or down?

- Your taxes went up. Two components of your property taxes (municipal and school tax) rose for 2019, resulting in an increase of 1.7 percent to your total property tax rate.
- The **municipal** tax rate went up from 48.5 cents to 49.3 cents per \$100 of assessed property value, an increase of slightly more than 1.6 percent. For a home valued at the municipality's average assessment (\$838,562), the municipal portion of the tax bill increased about \$67 to \$4,134.
- The **school** tax rate increased 2.9 percent. For a home valued at the municipality's average assessment, the school portion of the tax bill increased about \$268 to \$9,652.
- The **county** tax remained the same. For a home valued at the municipality's average assessment, the county portion of the tax bill is \$5,962.
- For a home assessed at the average assessment (\$838,562), total property taxes will increase by about \$335, to \$19,891 in 2019. This \$335 increase includes: municipal, \$67, and school, \$268.

### What proportion of my property taxes supports the municipality of Princeton, the Princeton Public Schools and Mercer County?

As shown in the pie chart on the first page, 22 percent of your total property tax supports Princeton's municipal government and its open space fund. The remaining 78 percent of your tax dollars go to the Princeton Public Schools (48 percent) and to Mercer County government and open space preservation efforts (30 percent).

### How much did Princeton's municipal budget change from last year?

The town's 2019 budget totals \$64,013,897, which represents a decrease from 2018 of \$1,153,396, or 1.8 percent. However, last year's budget was artificially high due to a one-time payment from surplus of \$2,126,000 used to prepay some capital obligations. Excluding this one-time payment, the actual net increase in this year's expenditures is \$972,604. This increase is driven largely by an increase in budget for staff.

### How are changes in staffing affecting the 2019 municipal budget?

Total staffing for 2019 is budgeted at 10 more positions than were budgeted in 2018. This is the first projected staffing increase in three years. Salaries are budgeted to increase by \$1,546,990. This amount includes \$800,000 for the fire department to hire staff to transition from an all-volunteer unit to a combination paid and volunteer department. An additional \$423,353 is being budgeted for police salaries for new recruits who have been hired to replace officers who are expected to retire. Additional salary costs are being incurred as a result of hiring in-house personnel to replace contracted maintenance workers. The total number of municipal employees continues to remain below staffing levels in effect when Princeton consolidated in 2013.

### What are the revenue sources for the budget?

This year's \$64,013,897 in total budgeted appropriations is funded by property taxes (55 percent) and non-tax revenues (45 percent). Significant sources of non-tax revenues include state aid, sewer revenues, delinquent taxes, Princeton University's fair share payment, other payments in lieu of taxes from tax-exempt institutions, and grants dedicated to grant-specific expenditures.

### How much is Princeton spending on capital expenses?

Princeton's 2019 capital budget, which is totally separate from the operating budget, is \$10,150,000. Significant capital improvements include road upgrades and replacements, and repairs and upgrades to municipal facilities and the public library. Of special note, \$120,000 has been set aside in case the municipality proceeds with purchasing a vehicle to

## Letter from the Mayor

(continued from page 1)

and environmental sustainability. The plan includes a privately developed 65-unit affordable housing complex on the former SAVE site and a complex on the Franklin Avenue parking lot built in partnership with the Princeton Housing Authority and Princeton Community Housing. Strong partnerships form the backbone of Princeton's social safety net. The newly created Housing Stability Coalition combines municipal resources with local nonprofits to provide housing assistance and other supports to shield Princeton families and individuals from homelessness.

The Municipality is working on several initiatives in conjunction with the local business community to boost economic vitality and enhance the vibrancy of downtown streets. We have streamlined the approval process for sidewalk dining, implemented stricter tour bus parking regulations, and are developing illustrated design guidelines for commercial signage throughout the town.

Working with the business community, council is addressing many of the issues with the new parking meters, including lowering the rates in the central business district. The old 2-hour time limits have been extended to 3-hours at \$1.75/hour. Old Smartcards can be used in the Spring Street Garage indefinitely, until the equipment fails. Alternatively, cardholders can transfer their balances to the Park Princeton mobile app. Despite the initial pains, parking usage is up, and we aim to improve constantly.

As one of the primary responsibilities of local government, we continue to make investments in our public safety institutions a major priority. Princeton's First Aid and Rescue Squad is building its new headquarters on the former township public works site with private funding. Both PFARS and the fire department rely on volunteers to respond to calls. In order to ensure fast enough response times, Princeton is moving to a combination volunteer-paid fire department. The addition of professional firefighters adds \$800,000 to this year's budget. A number of police retirements are anticipated and we have hired and are training a diverse new class of recruits to ensure a smooth transition within the department.

On behalf of the Princeton Council, I want to thank our administration, finance staff, and the volunteers of the Citizens Finance Advisory Committee for their guidance throughout this year's budgeting process. I look forward to working with my colleagues on council, the hundreds of volunteers on our boards and commissions, and the larger Princeton community to provide you with the best possible services at the most reasonable costs.

Yours truly,  
**Liz Lempert, Mayor**

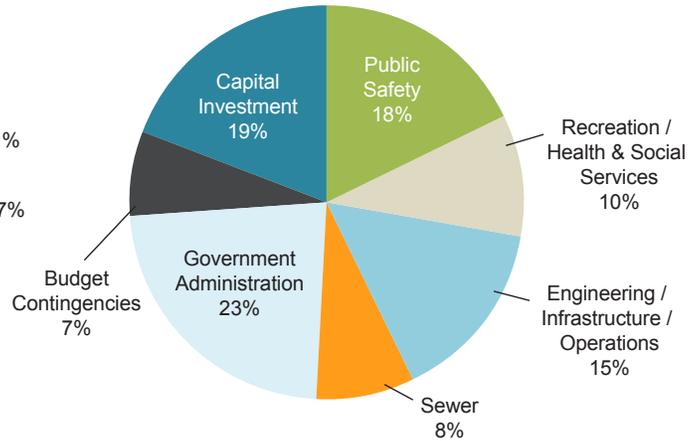
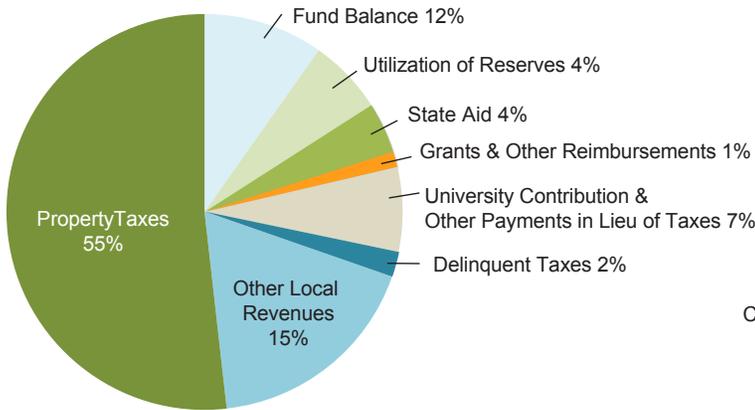
## Princeton Municipal Staff Levels



# Princeton Municipal Budget

## 2019 Sources of Revenue

## 2019 Appropriations \$64,013,897



## Appropriations

	2019	2018	% change
<b>Public Safety</b>			
Police & Dispatch	8,923,348	8,608,755	
Fire Safety & Emergency Management	2,702,458	1,840,442	
	<b>11,625,806</b>	<b>10,449,197</b>	<b>11.3%</b>
<b>Recreation/Health and Social Services</b>			
Parks / Recreation / Senior Resource Center	1,259,896	1,255,945	
Health Department / Animal Control	456,148	451,080	
Library / Human Services / Corner House Counseling	4,973,260	4,867,349	
	<b>6,689,304</b>	<b>6,574,374</b>	<b>1.7%</b>
<b>Engineering/Infrastructure/Operations</b>			
Engineering / Utilities / Liability Insurance	3,525,526	3,496,533	
Roads / Buildings & Grounds / Vehicle Maintenance	4,166,045	3,918,554	
Trash Collection / Recycling	1,969,500	1,849,500	
	<b>9,661,071</b>	<b>9,264,587</b>	<b>4.3%</b>
<b>Sewer</b>			
Sewer & Solid Waste	1,132,333	961,376	
Stony Brook Regional Sewer Authority	4,058,000	3,795,000	
	<b>5,190,333</b>	<b>4,756,376</b>	<b>9.1%</b>
<b>Government Administration</b>			
Admin / Finance / Tax / Legal / Clerk / Planning / Zoning / Land Use	3,595,454	3,512,027	
Courts / Prosecutor / Public Defender	505,462	492,155	
Information Technology	766,229	843,743	
Pension / Social Security Contributions & Employee Insurance	8,425,295	8,743,575	
Other Salary Expense (Salary Adj, Retirement, Sick Payout)	100,000	110,000	
All Other (Grants, Busing, Environmental, Deer Management, etc.)	1,153,015	1,348,547	
	<b>14,545,455</b>	<b>15,050,047</b>	<b>-3.4%</b>
<b>Budget Contingencies</b>			
Spending Contingency	1,457,953	1,447,488	
Reserve for Uncollected Taxes (Revenue Contingency)	2,938,975	2,914,224	
	<b>4,396,928</b>	<b>4,361,712</b>	<b>0.8%</b>
<b>Capital Investment</b>			
Bond Principal / Interest on Bonds / Notes	10,195,000	10,775,000	
Sewer & Green Trust Debt Service	1,110,000	1,110,000	
Capital Improvement Fund	400,000	500,000	
Cash Capital	200,000	2,326,000	
	<b>11,905,000</b>	<b>14,711,000</b>	<b>-19.1%</b>
<b>Total Budget</b>	<b>64,013,897</b>	<b>65,167,293</b>	<b>-1.8%</b>

## Frequently Asked Questions *(continued from page 2)*

collect its organic waste (a service previously contracted to an outside vendor). While the capital budget represents spending authorized in 2019, spending is usually spread out over several years. Almost all capital spending not funded by grants is funded through borrowing.

### How is Princeton's debt being managed?

At the beginning of 2019, outstanding debt was \$77.2 million, a decrease of \$5.4 million from 2018. Since consolidation in 2013, Princeton's total debt has decreased by more than 20 percent. Our debt arises entirely from borrowings to fund capital spending. Capital spending is closely managed to ensure that the resulting future debt service costs remain within an acceptable range, while we continue investing appropriately to maintain our roads, buildings and municipal equipment. The municipality continues to maintain its top-ranked AAA rating from municipal bond-rating agencies, indicating their highest confidence in the municipality's ability to meet its financial obligations. Princeton remains one of only 6 of New Jersey's 565 municipalities that has earned the AAA rating from both major bond rating agencies.

### Does Princeton University help offset my property taxes?

In addition to owning a considerable number of tax-exempt properties, Princeton University also owns the greatest amount of taxable property in town and is Princeton's largest taxpayer. Moreover, in this sixth year of a seven-year agreement between the university and the municipality reached in 2014, the university will voluntarily contribute almost \$3.35 million to the town. This is a 4 percent increase from last year, and the agreement calls for another 4 percent increase in 2020. Also as part of this seven-year agreement, the university is contributing another \$2.59 million to fund projects that benefit the town's department of public works, firefighters and first aid and rescue squad. The university has also agreed to pay taxes on properties that could be tax-exempt, such as graduate student housing. Including these properties and all other taxable properties owned by it, the university paid slightly more than \$9.1 million in total property taxes in 2018. Of this \$9.1 million, the municipality's portion accounted for just over \$2 million.

### Can changes to my tax bill be different from what is reported in this newsletter?

Some Princeton residents may see increases or decreases in their property taxes because the assessed value of their property has been adjusted. Each year, through the town's ongoing compliance plan, the municipal tax assessor adjusts the assessed value of approximately 1,000 of the town's more than 8,100 assessed properties in order to keep assessments equitable to market values. Changes to your property's assessed value are reflected on the green cards mailed to residents each February. If you believe your current assessment is above the market value of your property, the green card contains directions on how to appeal your assessment. The town's website also includes information about property tax appeals: <https://www.princetonnj.gov/resources/tax-appeal-instructions-and-application>.

### What issues could affect the municipality's future finances?

Last year, a Mercer County judge determined that Princeton must build 753 affordable housing units for the period from 1999 to 2025. Princeton will receive credit for affordable units built since 1999, but the ultimate number of new units, affordable and otherwise, will affect the town's population, and may increase demands for services that could require additional municipal revenues. The town council is completing negotiations for an affordable housing plan grounded in principles of "smart growth." The plan includes a privately developed 65-unit affordable housing complex on the former SAVE site off Mt. Lucas Road, and a complex to be built on the Franklin Avenue parking lot in partnership with the Princeton Housing Authority and Princeton Community Housing.

## The Municipality's Role in Collecting Your Taxes

Under New Jersey law, the municipality of Princeton functions only as the billing and receiving agent for school and county taxes. When you pay your entire property tax to the municipality — either directly or through a bank or other mortgage lender — Princeton only keeps its municipal share, i.e., 22 percent of the total tax you pay. The municipality transfers the remaining 78 percent of your tax payment to the Princeton Public Schools (48 percent) and to Mercer County (30 percent). For more information on the school budget and taxes, visit the Princeton Public Schools' website at [bit.ly/PrincetonSchoolsbudget](http://bit.ly/PrincetonSchoolsbudget); for more information about Mercer County's budget and taxes, visit the county's website at [bit.ly/MercerCountyBudgetInfo](http://bit.ly/MercerCountyBudgetInfo).

## You May Be Eligible for Tax Relief

New Jersey offers property tax deductions for seniors, seniors who are disabled, and qualifying war veterans or their surviving spouses. Disabled veterans who qualify, or their surviving spouses, may be exempt from property taxes.

For more information, please visit the following NJ Division of Taxation websites: [bit.ly/NJsenior-freeze](http://bit.ly/NJsenior-freeze) and [bit.ly/NJdivision-of-taxation](http://bit.ly/NJdivision-of-taxation), or call Neal Snyder, Princeton Tax Assessor, at **609-924-1084**.

## Sign up to be in the know!

Register on Princeton's website portal for municipal news & emergency alerts: [bit.ly/MunicipalAlerts](http://bit.ly/MunicipalAlerts)

## Access Princeton

For questions regarding anything from potholes to municipal services, call **609-924-4141**.



## The Citizens Finance Advisory Committee

The Citizens Finance Advisory Committee (CFAC) is a volunteer body made up of financial professionals from the community who share their expertise with the municipality.

Scott Sillars, *Chair*  
Will Dove  
Mara Franceschi  
Adrienne Kreipke  
Julie Ramirez

**Council Liaisons**  
David Cohen  
Jenny Crumiller

**Staff Liaisons**  
Marc Dashield, *Administrator*  
Sandra Webb, *Chief Financial Officer*

**Special thanks to**  
Mara Franceschi and  
Roger Shatzkin