



2015 EXECUTIVE MUNICIPAL BUDGET



Timothy P. Dougherty, *Mayor*

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TO: Citizens of the Town of Morristown
Members of the Town Council

FROM: Mayor Timothy P. Dougherty

DATE: April 14, 2015

SUBJECT: FY 2015 Executive Municipal Budget

As mandated by New Jersey Local Budget Law, and in accordance with the Town of Morristown Code, I am submitting Morristown's Fiscal Year ("FY") 2015 Executive Municipal Budget ("Municipal Budget") to the Town Council for consideration, authorization and adoption.

When I took office in 2010, I believed that in order to make Morristown a more desirable place to live and invest, our Town government's financial condition and service delivery needed to vastly improve. It was imperative that our organization demonstrate that it was stable, reliable and genuinely cared about the role and service we provide for our community. I stand here today with the firm belief that Morristown's government has made great progress over the last several years in shaping a positive perception that we have transformed into a more responsible entity that can adapt to changing realities and demands that require a strong competitive mindset to enhance the public service we provide in which makes our community more attractive and instills confidence in those who live and invest here.

In fact, the Morristown Bureau of Police enters this new budget cycle with a continued trend towards improved public safety in Morristown. Preliminary data from the Uniformed Crime Report indicates that 2014 was one of the safest periods in recorded Morristown history.* The preliminary crime index total for 2014 was submitted to the New Jersey State Police as 381*. This represents a 30% decrease from recorded 2013 numbers, and appears to be the lowest recorded number in Morristown for the past 20 years. This increased public safety trend was achieved across crime categories with non-violent crimes reduced by over 25% from the previous year. Furthermore, this trend continued with a dramatic reduction in violent crimes with 2014 numbers representing a decrease over almost 50% from 2013. The men and women of the Morristown Police Bureau work tirelessly to ensure that Morristown remains a wonderful place to live and work, and these data clearly evidence those efforts have led to improved quality of life for our residents and guests.

Unquestionably, Morristown's government has restored its fiscal integrity, improved service delivery and public safety, and alleviated the local tax burden for our property owners. For these reasons, among many others, Morristown is a place where people want to be.

The proposed 2015 Municipal Budget is based on my commitment of preserving Morristown's sound financial position and quality of life by stabilizing our local taxes through careful management of limited resources and making decisions within the context of our government's long-range fiscal capacity and strategic debt management. Further, the Municipal Budget reinforces key day-to-day services and capital improvements to rebuild, repair and improve our physical infrastructure to address community-based needs. Thus, I respectfully present the 2015 Municipal Budget as a policy document that establishes a strong operational plan to provide essential public services and responsibly meet other financial obligations. Most importantly, as accomplished over the last four years, this Budget reflects NO Increase in the Municipal Tax Rate to fund it.

The 2015 Municipal Budget, which includes the Town's Sewer Utility operations, balances revenues and appropriations of \$44.7 million compared with the 2014 Budget of \$44.1 million. This is a 1.4% total budget increase. However, when looking back at what the Town's municipal budget needs were in 2010, the total amount has decreased by approximately \$1.5 million. Furthermore, the 2015 Municipal Tax Levy amount that provides revenues to support the Town budget are still lower than what was required of taxpayers to fund in the fiscal year 2009.

Summary points of 2015 Revenue projections are as follows:

- Local and Special Items of Revenue are projected to remain level at 2014 amounts.
- The Municipal Tax Levy is slightly over \$25,000 higher than last year. Yet, \$2.6 million of added valuation to the Town's tax base will provide new revenues to help offset this Levy increase, and keep the 2015 Municipal Tax Rate the same as last year.
- \$200,000 of Payments in Lieu of Taxes are anticipated from Phases 1 and 4 of the Speedwell Redevelopment Project area. PILOT revenues from these redevelopment projects are expected to significantly increase next year to over \$500,000 per year.

Key appropriation highlights include:

- After three years of decline, pension obligations will increase this year by \$248,286.
- Healthcare insurance premiums will rise by 3.3%, or just over \$170,000. However, current and retired Town employees will contribute approximately \$750,000 toward health insurance premium costs, about \$180,000 more than last year.
- Operating budget debt service payments will decrease by \$291,000. In this year's Sewer Utility budget, over \$527,000 are appropriated to pay down principal on short-term Bond Anticipation Notes. This is \$348,000 more than what is legally required to pay down in 2015.
- The Town's debt management practice of paying off more principal debt than what is authorized in new debt each year has brought our Net Debt down to \$28.5 million from over \$70 million ten years ago. In addition, the Town reduced its Tax Anticipation Note borrowing amount for cash flow purposes from \$4.5 million three years ago to \$1 million this year.
- All six contracts of our municipal collective negotiation units expired at the end of last year. Thus, the Administration is allocating \$300,000 in the Reserve for Salary & Wage Increases to plan for any negotiated or mandated salary adjustments. Through the State's Civil Service negotiation process and framework by which govern contractual salary increases, the Business Administrator and I will ensure compensation for our hard working employees is equitable while strictly adhering to cap limitations.
- To support the Town's efforts in implementing the new Master Plan's most significant recommendation of overhauling its zoning code, the Administration has increased its long range planning line item for its Form-based Zoning Code consultant as well for other urban design planning and development studies.
- Public Safety, Code Enforcement and Clean Streets are critical to our community's desirability and quality of life. Additional monies have been budgeted to support: (1) the Police Bureau's new Traffic Safety Unit that consists of hourly hiring of Class 2 Special Officers to improve traffic circulation around the Town Green

and on Speedwell Avenue during peak morning and evening hours; (2) the Code Enforcement Department's seven day property maintenance and inspection activities in our CBD and residential neighborhoods; and (3) the Public Works Division's seven day Town-wide street sweeping and CBD clean up efforts.

The proposed 2015 Capital Improvement Plan estimates \$3.4 million to be budgeted for various capital project needs. Approximately \$1.8 million of this total amount is for investment in our infrastructure such as roads, sidewalks and streetscapes throughout Town. We plan to make over \$280,000 in improvements to George Gramby Park that will include a new soccer field, baseball backstop and playground. This Capital Improvement Plan also includes a request for \$100,000 similar to last year's amount for any capital projects recommended in the Martin Luther King Avenue Corridor Improvement study that will be used to revitalize this important area of our Town. Additionally, the Town is moving ahead with its planning consultant in developing a corridor improvement plan for Washington Avenue on order to improve mobility and pedestrian safety for neighborhood character enhancement. Lastly, the Town's Community Tree Management initiative completed two phases last year with a total of 131 trees and 20 shrubs planted. The Administration will continue that effort this year by allocating an additional \$40,000 for this initiative in addition to the \$175,000 funded over the last three years.

The Town is excited about three recent grant awards that will provide funding for neighborhood walkability and community partnership efforts:

- A \$669,000 State Transportation Alternatives Program grant award for improvements of Patriot's Path between MLK Avenue and Cory Road that the Town will collaborate with the Morris County Park Commission on this project to strengthen our efforts in land space preservation while enhancing residents' quality of life;
- A \$250,000 State DOT Municipal Aid grant award to continue the Town's Washington Street Streetscape improvements initiative for Phase 2; and
- A \$35,000 Sustainable Jersey grant award to the Town to build on its municipally-owned property a solar-powered classroom pavilion that will be a focal point of Grow It Green Morristown's rebuild of the Early Street Community Garden.

Despite the budgetary challenges we deal with annually to meet increasing service delivery demands and community needs, the 2015 Municipal Budget directs its constrained resources at achieving its strategic priorities and investing in our neighborhoods, physical infrastructure and long-term financial health. We should be proud of how Morristown has become a premier community in the State. I am proud to be Mayor of this great municipality and, together, we will continue our efforts to make Morristown a dynamic place where people want to experience in their lifetime.

The comprehensive FY 2015 operating budget, capital improvements plan and 5-year Financial Trend Analysis were compiled with the assistance of the "Executive Budget Team" – the Business Administrator, Chief Financial Officer, Department Directors and Bureau Chiefs. The 5-year Financial Trend Analysis illustrates a snapshot of the Town's fiscal condition based on five years of data dating back to FY 2010. The FY 2015 Municipal Budget packet provides the fiscal insight and transparency for the Town Council and our Citizens to understand how past budget policies and decisions impacted the financial health of our municipality and how this recommended Budget provides for a sufficient level of financial resources to meet spending obligations and service responsibilities this year.

* - This information is based upon in-house recording of U.C.R. data. 2014 statistics have been provided to the New Jersey State Police but have not been officially accepted and released as of the time of this report. Morristown Police make every effort to produce the most accurate data. However, 2014 statistics should be considered preliminary until official results are released by the N.J.S.P. in the second quarter of 2015.

FY 2015 FINANCIAL BUDGET OVERVIEW

The financial summary totals for FY 2015 approximates \$47.3 million and includes appropriations for both the Operating and Sewer Utility Funds and their Capital Improvement Plans. Compared with FY 2014, the total FY 2015 Financial Budget represents a \$891,254, or 1.9% increase. The 2015 Municipal Budget, including Grants, is projected to expand by \$641,253, or 1.8%. The FY 2015 Capital Improvement Plans combined will require \$3.45 million to fund various infrastructure and equipment needs. This year's capital request is \$556,600, or 19.2% more than the 2014 Capital budget.

	Financial Summary Totals	
	<i>FY 2014</i>	<i>FY 2015</i>
Operating Fund		
Municipal Budget	\$ 35,568,522	\$ 36,347,388
Grants	276,873	139,260
Capital Improvements Plan	<u>2,350,000</u>	<u>2,536,000</u>
Sub-total	<u>\$ 38,195,395</u>	<u>\$ 39,023,248</u>
<i>Percent Change</i>		2.2%
Sewer Utility Fund		
Sewer Utility Budget	\$ 7,921,851	\$ 7,615,252
Capital Improvements Plan	<u>300,000</u>	<u>670,000</u>
Sub-total	<u>\$ 8,221,851</u>	<u>\$ 8,285,252</u>
<i>Percent Change</i>		1.0%
Total Financial Budgets	\$ 46,417,246	\$ 47,308,500
<i>Percent Change</i>		1.9%

OPERATING BUDGET – PROPERTY TAX IMPACT

FY 2015 BUDGET SUMMARY POINTS

- **Stable Municipal Tax Rate:** For the third consecutive year, the FY 2015 estimated Municipal Tax Rate is the same at \$1.013. Even though the Town's health care insurance premium increased by 3.3%, employee cost-sharing increased significantly to offset the premium increase. Despite a \$250,000 increase in pension obligations, debt service payments factored into stabilizing the Municipal Tax Rate.

In FY 2015, one cent (\$0.01) of the Municipal Tax Rate is equal to \$221,329 (*FY 2015*: \$2,213,294,342) as compared with last fiscal year, which one cent was equal to \$221,074 (*FY 2014*: \$2,210,747,371). A \$2.55 million increase in the Town's tax base accounts for almost \$0.001, or a 0.11% effect on the Municipal Tax Rate to offset this year's Municipal Tax Levy increase of \$25,563 (*FY 2014*: \$22,394,526).

- **School District Rate Will Increase Total Property Tax Rate:** For Morristown's average assessed residence of \$350,000, the following table will show the breakdown comparison of a property homeowner's tax bill, and what the estimated total tax bill will look like in FY 2015.

<i>Average Residential NAV (\$350,000)</i>		
<i>Total Property Tax Bill Comparison</i>		
	FY 2014	FY 2015
Municipal Tax	\$ 3,545.50	\$ 3,545.50
Morris County Tax	1,046.50	1,032.50
Morris School District Tax	4,357.50	4,473.00
Public Library Tax	<u>136.50</u>	<u>136.50</u>
Total Tax Bill Amount	<i>\$9,086.00</i>	<i>\$9,187.50</i>
Total Property Tax \$ Effect		\$25.38/month or \$101.50/year

Furthermore, for every \$100,000 of assessed valuation, a property owner should anticipate an estimated \$29.00 increase in their total tax bill. The breakdown of this \$29.00 total tax increase per \$100,000 assessed valuation is as follows: *Municipal*: \$0.00; *County*: \$4.00 decrease; *School District*: \$33.00 increase; and *Public Library*: \$0.00.

- **\$811,480 UNDER Property Tax Levy Cap:** For four consecutive years, the Municipal Budget is well under both the 2% Property Tax Levy Cap. As calculated through the Property Tax Levy Cap formula, the maximum allowable amount to be raised through the Town's Municipal Levy is \$23,231,568. However, the Municipal Budget requires only \$22,420,089 in property tax revenues this year to balance out total appropriations. In FY 2014, the Town budget was \$166,411 under the Property Tax Levy Cap. This amount is permitted under the State law to "bank" for three budget years (FY's 2015-17). The FY 2015 budget utilizes \$0.00 of its prior year Levy Cap bank amounts, which totals \$2,053,325.

REVENUES

FY 2014 RECAP

The Town's total revenues realized last year surpassed anticipated projections by over \$330,000. Of the 26 main revenue line-items in the Executive Budget, only five (5) realized declines. Line-items evidencing increases totaled \$438,851 more than anticipated as opposed to declining revenue line-items that amounted to \$108,000 in unrealized revenue. Additionally, the Town collected nearly \$183,000 in Miscellaneous Revenue Not Anticipated ("MRNA") from sources such as interest on investments, recycling and payments in lieu of taxes (PILOT).

LOCAL AND SPECIAL ITEM REVENUES

- Total Local Revenues realized were above anticipated amounts by about \$190,000. Moreover, Special Items of Revenue ended near \$10,000 above projected amounts.
- The Fees & Permits revenue category continued to surpass annual expectations as it has for the last several years. Realized Property Maintenance, Vital Statistics and Zoning revenues exceeded 2014 projections by a combined \$93,000.

- Municipal Court fines & costs collected were slightly higher than anticipated. Total Court revenues realized last year were \$969,569, which was nearly \$40,000 above budget projections.
- Swimming Pool fees came in at \$26,486 more than expected. Last year's realized amounts were above average by about \$10,000 compared with the last four years.
- Interest and Costs on Taxes again continued an upward trend from a low point in FY 2011, the lowest amount realized since FY 2006. This revenue source exceeded its anticipated amount by \$37,300.
- Municipal Hotel and Motel Occupancy tax revenues came in disappointingly lower than expected by almost \$40,000. However, while this revenue decrease (FY 2014 - \$457,649) broke a 5 year upward trend, the 2014 realized amount was well above the 9 year average of approximately \$350,000.

DEDICATED UNIFORM CONSTRUCTION CODE FEES

For three straight years, U.C.C. fees collected far exceeded projections. Revenues realized (\$1,161,488) were slightly over \$137,000 above what was anticipated, which is a great indicator that capital investment remains strong in Morristown.

RECEIPTS FROM DELINQUENT TAXES

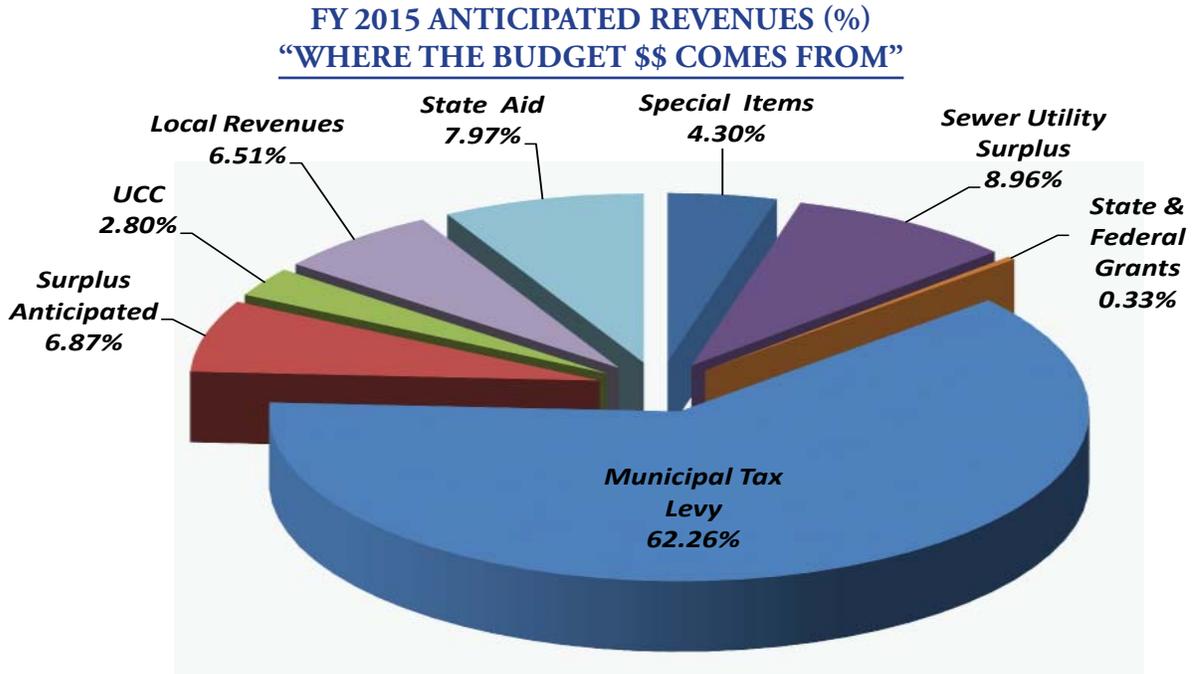
Property tax collection has experienced very good collection rates over the last five years. In fact, only \$10,500 remain delinquent from total property taxes billed in FY 2013. As of December 31, 2014, delinquent taxes outstanding from last year were \$512,265, which the Town anticipates collecting and realizing these tax revenues in 2015.

In FY 2014, Outstanding Property Taxes as a Percentage of the Total Property Tax Levy moved slightly upward from 0.83% to 0.89% after a modest year-over-year decline (see Revenue Analysis: Page 2-10). One positive aspect of this trend indicator is that the Town's Total Tax Levy has dropped substantially by nearly \$1.3 million since 2011. In other words, Morristown property owners have realized some form of tax relief in funding their share of municipal, county, school district and library tax levies to balance each respective public entity's budget.

FY 2015 GENERAL REVENUES SYNOPSIS

Total projected non-tax revenues (excluding Receipts from Delinquent Taxes) are \$13,591,559, up about \$284,598 from FY 2014 realized revenues. State aid revenues are expected to stay the same. Local Revenue sources will decrease by over \$221,000 primarily due to lost projected lease payment revenues from the Speedwell Development Corporation (Town of Morristown) lease agreement with Headquarters Plaza (Lessee). The Town entered into an agreement to accelerate the lessee's option to purchase the lower and upper portions of Headquarters Plaza land and their remaining five years of lease obligations. In addition to the remaining lease payments, the Town will be paid other monies owed for a total amount of \$1,669,592. The final closing of this real estate sales transaction will take place sometime in the first half of 2015. Further, anticipated Special Items of Revenue and U.C.C. fees combined are expected to be about \$15,000 higher than anticipated last year. Overall, in FY 2015, the Administration conservatively expects most revenue sources to remain stable.

The Administration recommends using \$2.47 million of Fund Balance (Surplus) to balance the Town’s municipal budget. Approximately \$1.53 million will be used to fund discretionary appropriation reserve line-items such as \$610,000 in the Reserve for Tax Appeals (see Revenue Allocation table, Page 9). Similar to the last several years, the Town Administration continues to evaluate new revenue options and determine whether to increase its various sources of Local Revenues, U.C.C. Fees and Special Items of Revenue in order to stabilize or reduce its Municipal Tax Levy amount. Below illustrates the percentage breakdown of projected revenues that fund the Town’s FY 2015 Municipal Budget (see General Revenue section, Page 4-1 for specific dollar amounts).

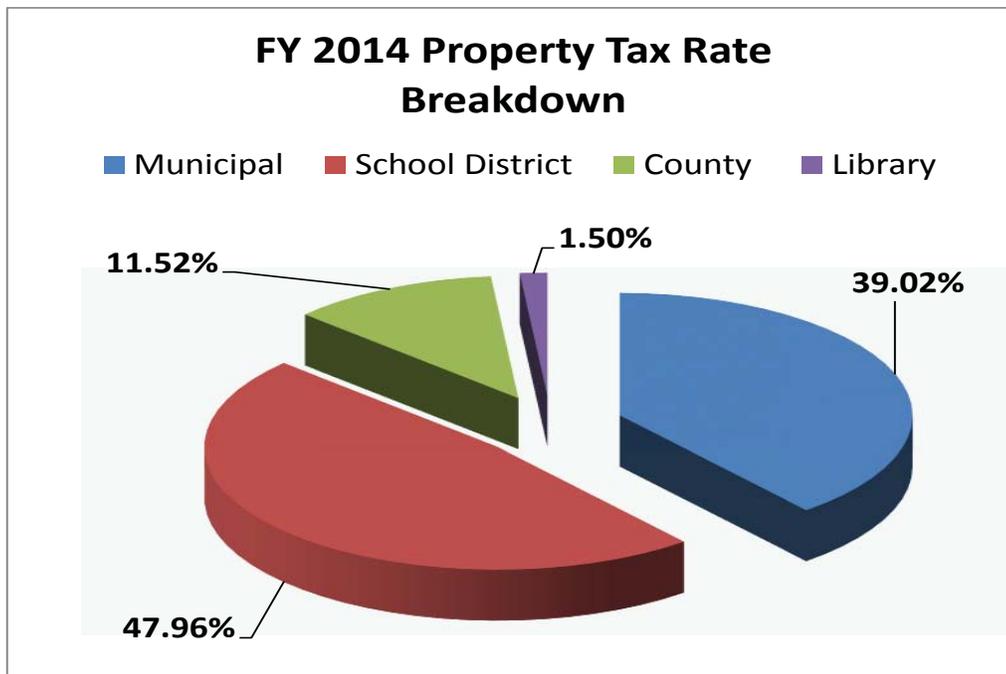
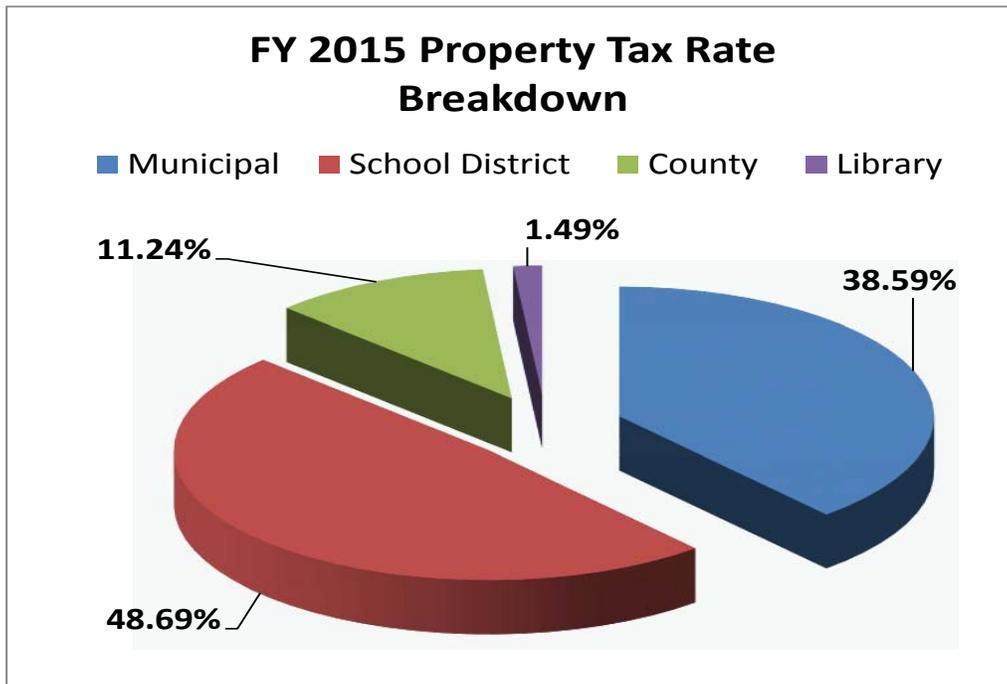


Compared with FY 2014, the percentage of Municipal Levy Taxes to Total General Tax Revenues will decrease by almost 1.0% (FY 2015: 62.26% vs. FY 2014: 63.23%).

The chart below shows each component of the total property tax rate for the last four years (plus projected FY 2015). The Property Tax Rate pie charts depict the percentage breakdown of each tax rate for fiscal years 2014 and 15, and includes the Library Tax Rate created under State Law four years ago requiring the Town to omit library funding from its Municipal Operating Budget and levy taxes with a separate, dedicated tax rate.

TOTAL PROPERTY TAX RATES

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Municipal	\$1.017	\$1.015	\$1.013	\$1.013	\$1.013
School District	1.263	1.243	1.235	1.245	1.278
County	0.311	0.309	0.298	0.299	0.295
Library	0.044	0.041	0.039	0.039	0.039
TOTAL	\$2.635	\$2.608	\$2.585	\$2.596	\$2.625



The table below shows the apportionment of the overall total property tax levy amount for each of these same years along with the percentage change from FY 2014 to FY 2015.

OVERALL PROPERTY TAX LEVY

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	% Change from FY 2014
Municipal	\$22,607,344	\$22,582,326	\$22,327,449	\$22,394,526	\$22,420,089	0.11%
County	\$ 6,885,080	\$ 6,847,901	\$ 6,526,730	\$ 6,536,993	\$ 6,532,115	(0.07%)
Regional School	\$28,073,029	\$27,812,081	\$27,397,371	\$27,711,111	\$28,277,088	2.04%
Library	\$ 988,534	\$ 922,288	\$ 868,145	\$ 853,710	\$861,586	0.92%
TOTAL	\$58,553,987	\$58,164,596	\$57,119,695	\$57,496,340	\$58,090,828	1.03%

CURRENT FUND BALANCE (SURPLUS)

The Administration proposes to use \$2,475,000 in Fund Balance surplus for municipal operational purposes, reserves and other uses. The source and use of these surplus funds in the Municipal Budget are stated below.

REVENUE ALLOCATION

Source & Use	Amount
Revenue Source	
<i>Fund Balance Anticipated (Surplus)</i>	\$ 2,475,000
Total	\$2,475,000
Proposed Appropriation Use	
<i>Municipal Operations</i>	\$943,565
<i>Reserve for Tax Appeals</i>	610,000
<i>Reserve for Salary & Wage Increases</i>	300,000
<i>Capital Improvement Fund</i>	250,000
<i>Morris School District Pass Thru Aid</i>	188,435
<i>Reserve for Vacation & Sick Time</i>	125,000
<i>Fire Truck Lease Payment</i>	58,000
Total	\$2,475,000

LOCAL & SPECIAL ITEM REVENUES

Most Local and Special Items of Revenue amounts remain healthy. The Town Administration anticipates continued growth to occur this year in these revenue categories. Yet, the 2015 Budget provides for conservative estimated revenue amounts lower than realized last year in various line items. Cable Franchise fees increased by 5.0% last year (\$255,171). Given such, about \$13,000 more revenue is anticipated this year. Since 2010, the Cable Franchise fee revenue source has substantially increased by about \$90,000. Under the Town's Fire Bureau EMS program, basic life services expanded and revenue recovery grew by 38% in 2014. The 2015 Budget reflects an expected collection amount of over \$11,000 more than anticipated last year.

One new Special Item of revenue source is the line item "Payment in Lieu of Taxes" from two redevelopment projects - Speedwell Phase 1 (Modera 44) and Phase 4 (CVS Pharmacy). The Town anticipates to realize at least \$200,000 in revenue from these projects. Also, the Town Operating Budget continues to benefit from Sewer and Airport Utility fund balances that will provide over \$3.4 million in revenue support this year.

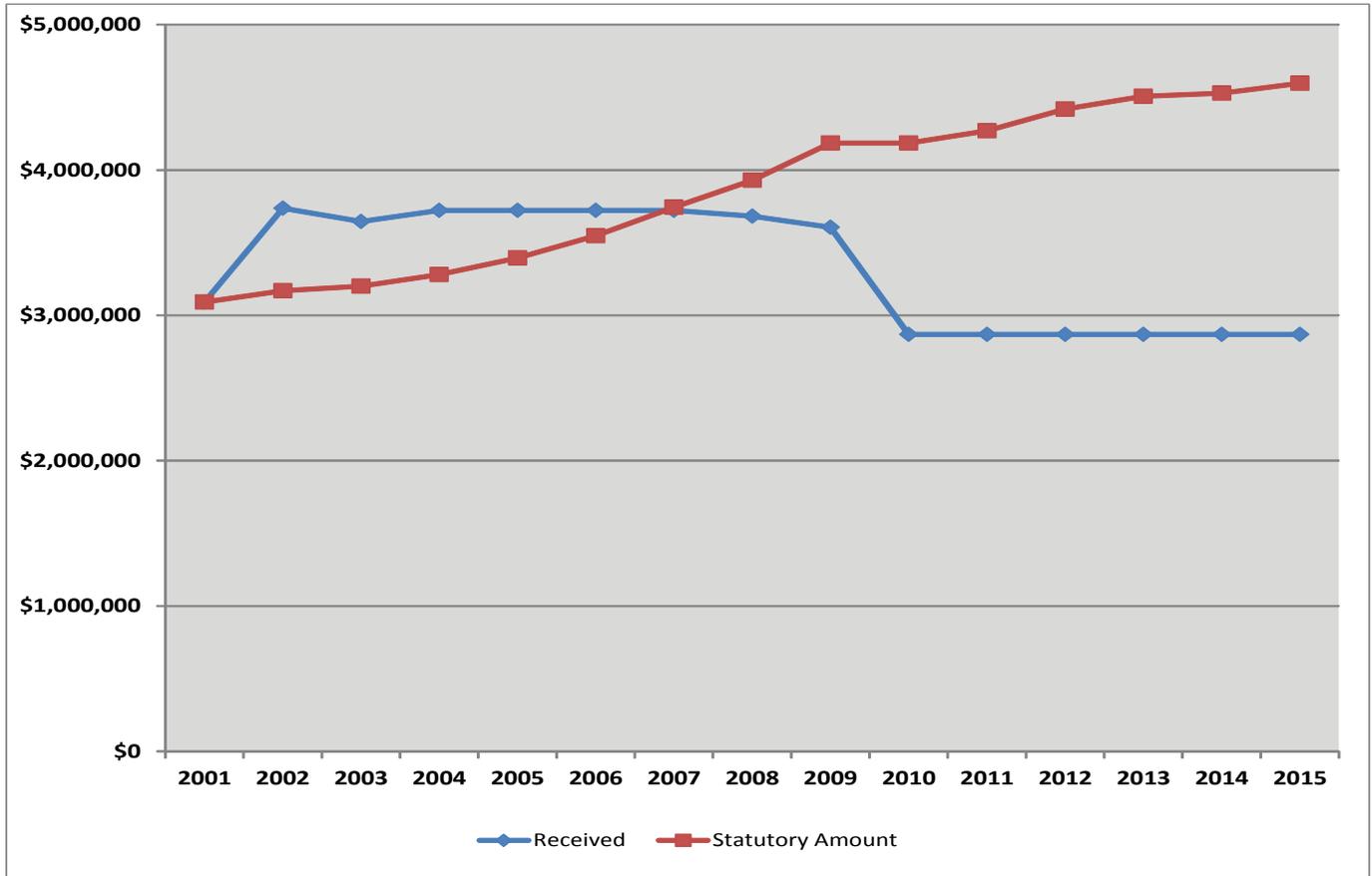
Finally, even though anticipated Municipal Hotel and Motel Occupancy ("MHMO") tax revenues in 2014 resulted in nearly \$40,000 below projections, the 2015 anticipated amount of \$455,000 is still a substantial revenue source for the Town. Moreover, given the amount of MHMO tax revenues realized in 2014, and improving economic conditions in Morris County, the Town believes the upward trend that started in 2010 will continue in 2015.

STATE AID WITHOUT OFFSETTING APPROPRIATIONS

The Town's total State Aid revenues will remain the same as last year at \$2,868,599, accounting for 8.10% of its total revenues. Seven years ago, State Aid revenues used to account for about 10% of the Town's total revenue sources. Unfortunately, since 2009, the loss of over \$734,000 in state revenues has severely restricted the Town's ability to fund its municipal operations and other statutory obligations. Consequently, this substantial loss of revenue certainly contributed to the Town's organizational workforce reduction several years ago and its decision to implement municipal service delivery reform measures to cut its total appropriations. Indeed, the primary State Aid revenue loss issue is that of Energy Receipt Taxes ("ERT") being diverted by the State government for their funding needs instead of its original legislative intent that was to provide municipal property tax relief.

The short history on ERT revenues is that gas and electric utility taxes were originally collected by the host municipalities. However, when the State made itself the collection agent for these taxes, it promised to return the proceeds to municipalities to alleviate property owner tax burden. Yet, for years, State officials have diverted funding from Energy Taxes to plug holes in the State budget and to fund its programs. Consequently, the cumulative impact of years of under funding has left Morristown and many municipalities with serious needs and burdensome property taxes (New Jersey State League of Municipalities website, *Energy Tax Restoration Resource Center* section). The chart and graph below depict State Aid realized by the Town each year since 2001, and the State Treasurer's calculated Aid amounts that should have been due to the Town pursuant to statutory law, adjusted for inflation, but were not distributed.

STATE AID IMPACT



<i>Year</i>	<i>Actual Amount Received</i>	<i>Implicit Price Deflator</i>	<i>State Aid Formula</i>	<i>Excess/(Deficit)</i>
2001	\$ 3,091,147		\$3,091,147	-
2002	3,737,682	2.50%	3,168,426	\$ 569,256
2003	3,645,227	1.00%	3,200,110	445,117
2004	3,722,517	2.50%	3,280,113	442,404
2005	3,722,517	3.50%	3,394,917	327,600
2006	3,722,517	4.50%	3,547,688	174,829
2007	3,722,517	5.50%	3,742,811	(20,294)
2008	3,682,480	5.00%	3,929,951	(247,471)
2009	3,606,033	6.50%	4,185,398	(579,365)
2010	2,868,599	0.00%	4,185,398	(1,316,799)
2011	2,868,599	2.00%	4,269,106	(1,400,507)
2012	2,868,599	3.50%	4,354,488	(1,485,889)
2013	2,868,599	2.00%	4,506,895	(1,638,296)
2014	2,868,599	0.50%	4,529,430	(1,660,831)
2015	2,868,599	1.50%	4,597,371	(1,728,772)
	\$ 49,864,231		\$ 58,047,285	\$ (8,183,054)

As expected, the State reduced its funding this year, as it has for the last seven years, in the Consolidated Municipal Property Tax Relief Act (“CMPTRA”) category. In FY 2009, the Town received \$720,239 in CMPTRA revenues. This year, the Town will receive just \$71,000, down \$43,166 from FY 2014. Remaining consistent with their past funding pattern, the State will provide \$2,797,599 in ERT revenues, up \$43,166 from \$2,754,433 in FY 2014, which reflects an increase amount equal to the Town’s CMPTRA revenue amount reduction.

UNIFORM CONSTRUCTION CODE FEES

In line with expectations last year, increased building permit and inspection activity generated \$137,000 in more revenue than anticipated. In 2015, the Town projects to experience above-average U.C.C. fee collection and revenues to flow in by over \$1 million given the number, type and size of pending land use development projects, and those already approved and starting construction this year.

RECEIPTS FROM DELINQUENT TAXES

The Town exceeded its anticipated tax collection rate last year (98.50%) by 0.55% (99.05%). The average quarterly delinquency rate percentage in 2014 was 1.50% (see table below). As of March 27, 2015, outstanding property taxes billed in 2014 but still uncollected are \$300,158. Furthermore, the first quarter FY 2015 taxes billed but uncollected are \$131,929, or 0.92%.

PROPERTY TAX DELINQUENCIES

FY (QTR)	Total Billed	Receipts	Delinquent Taxes	% of Delinquent Taxes Uncollected of Total Billed
2012 (1st)	\$14,672,410.26	\$(14,229,324.23)	\$443,086.03	3.0%
2012 (2nd)	14,685,591.53	(14,222,118.07)	463,473.46	3.2%
2012 (3rd)	14,597,340.03	(14,260,941.25)	336,398.78	2.3%
2012 (4th)	13,901,662.29	(13,760,006.58)	141,655.71	1.0%
2013 (1st)	14,478,398.58	(13,884,570.91)	593,827.67	4.1%
2013 (2nd)	14,478,398.56	(14,125,213.37)	353,185.19	2.4%
2013 (3rd)	14,228,740.38	(14,015,153.34)	213,587.04	1.5%
2013 (4th)	13,809,944.37	(13,724,986.99)	84,957.38	0.6%
2014 (1st)	14,241,501.59	(14,147,698.59)	93,803.00	1.0%
2014 (2nd)	14,241,501.59	(13,767,383.93)	474,117.66	3.0%
2014 (3rd)	14,413,275.40	14,480,119.39	(66,843.99)	0.0%
2014 (4th)	14,413,275.40	(14,190,826.34)	222,449.06	2.0%

PROPERTY TAX LEVY CAP

The Property Tax Levy Cap law strictly limits a municipality to a 2% increase over the previous year's Municipal Tax Levy. The number of exclusions allowed for under the Levy Cap law are Change in Debt Service, Allowable Increases in Health Care Insurance, Pension Costs and Capital Improvements. The Property Tax Levy Cap, similar to the Total Appropriations Cap, has an allowable increase for New Construction Value (new values x the previous year municipal tax rate). In FY 2015, the Municipal Budget is \$811,480 under the 2% Property Tax Levy Cap.

APPROPRIATIONS

FY 2014 RECAP

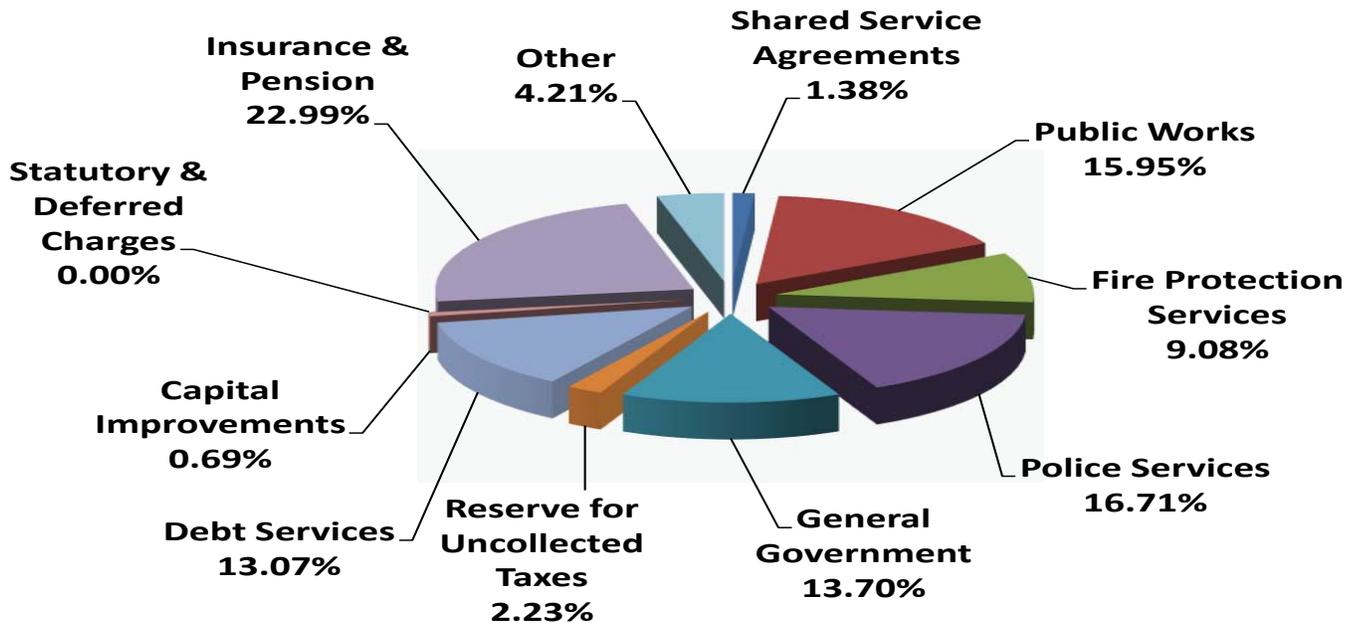
Overall, the Town managed its appropriations last year very well. There were no major weather events in 2014 to necessitate emergency appropriations. However, as in 2013, numerous winter storm days in 2014 required additional resources and monies to be expended, mainly in Public Works. Due to an active winter weather season, the Town spent over \$20,000 more for winter salt beyond what it expended in 2013. In addition, another impact of the winter weather was on the Public Works fleet, and the wear and tear that required over \$35,000 more than budgeted for maintenance and repair work. Lastly, a 36% increase in Fire Bureau emergency medical service calls led to significantly more overtime costs last year. One primary cause was a result of limited staffing at the volunteer Morristown Ambulance Squad. Nevertheless, given that the Town contracts with a third party revenue recovery service to bill a patient's insurance company for basic life medical calls, much of the extra overtime costs were offset by the significant increase in revenues collected.

FY 2015 GENERAL APPROPRIATIONS SYNOPSIS

The 2015 Executive Municipal Budget projects Total Appropriations to be \$641,253 more than 2014 adopted budget appropriations. Moreover, net appropriations (Total Appropriations minus Reserve for Uncollected Taxes, Grants and one-time items funded by surplus) will increase by about \$319,543, or 0.95%.

The total percentage breakdown of FY 2015 Municipal Budget appropriations is shown below.

FY 2015 PROPOSED APPROPRIATIONS (%)
“HOW THE BUDGET REVENUES ARE ALLOCATED”



The following tables highlight the projected 2015 Budget’s top 5 largest appropriation line-items compared with FY 2014, the percentage change from FY 2011 in these same categories, and the 5 largest appropriation increases and decreases this year.

	<i>5 LARGEST APPROPRIATION LINE-ITEMS</i>			
	FY 2014	% of Total Appropriations	FY 2015	% of Total Appropriations
Salary & Wages	\$13,918,402	39.1%	\$14,182,496	39.0%
Debt Service	5,074,152	14.2%	4,767,558	13.1%
Health Insurance	4,289,850	12.1%	4,300,000	11.8%
Pension Obligations	2,419,348	6.8%	2,667,634	7.3%
General Liability/ Workers Comp.	763,926	2.1%	779,205	2.1%
FY Total Appropriations	\$35,845,395		\$36,486,648	

5 LARGEST APPROPRIATION LINE-ITEMS			
	FY 2011	FY 2015	% Change from FY 2011
Salary & Wages	\$13,566,380	\$14,182,496	4.5%
Debt Service	6,025,000	4,767,558	(20.9%)
Health Insurance	5,230,000	4,300,000	(17.8%)
Pension Obligations	3,087,800	2,667,634	(13.6%)
General Liability Insurance/ Workers Compensation	732,00	779,205	6.4%

5 LARGEST APPROPRIATION INCREASES		
	FY 2015 Appropriation Amount	Increase Over FY 2014 Appropriation
Salary & Wages	\$ 14,182,496	\$ 264,093
Reserve for Salary & Wage Increases	300,000	255,000
Principal Payments - BANS	454,000	172,000
Pension Obligations - PFRS	1,929,932	171,715
Planning Consultant-Long Range Planning	235,000	85,000

5 LARGEST APPROPRIATION DECREASES		
	FY 2015 Appropriation Amount	Decrease Under FY 2014 Appropriation
Principal Payments - Bonds	\$3,527,406	(\$382,594)
Overtime	727,270	(141,169)
OASI (Social Security)	652,500	(80,305)
Interest Payments - Bonds	628,152	(71,305)
Reserve for Tax Appeals	610,000	(40,000)

Municipal Operations: Total Appropriations needed to fund municipal services are projected to increase to \$20,227,575, a 2.5% increase when compared with FY 2014 (\$19,737,611). Major increases include Salary and Wages (\$264,093), Tipping Fees for Solid Waste and Recycling (\$62,000) and Winter Salt (\$30,000). However, since FY 2011, Total Appropriation spending has declined by almost \$500,000 (excluding Grants), or 1.3%. The tables below depicts the projected 10 largest Other Expense category appropriations in FY 2015 compared with FY 2014 in addition to projected 5 largest Professional Service appropriation line-items.

10 LARGEST OTHER EXPENSE CATEGORY APPROPRIATIONS <i>(Excludes Professional Service Line-Items)</i> FY 2014 and 2015 Comparison		
	FY 2015	FY 2014
Tipping Fees	\$ 672,253	\$ 610,000
Electricity (Street Lights)	305,800	335,000
Electricity (Municipal Buildings)	295,000	290,000
Gasoline/Diesel Fuels	247,000	280,600
Voice (LAN lines & Cellular) & Data Network Service and Maintenance	193,000	164,000
Maintenance of Motor Vehicles and Equipment	178,000	152,000
Winter Salt	155,510	125,000
Maintenance of Office Equipment (includes Software Licensing Renewals)	129,550	125,935
Building Maintenance & Repairs	88,000	68,520
Natural Gas/Propane	80,000	83,000

5 LARGEST PROFESSIONAL SERVICE APPROPRIATIONS		
	FY 2015	FY 2014
Legal		
• General	\$250,000	\$250,000
• Tax Appeal	270,000	300,000
• Prosecutor/Public Defender	90,000	90,000
• Planning/Board Adjustment	30,000	20,000
Solid Waste & Recycling Collection	474,000	474,000
Planning Consultant - Long Range Planning	235,000	150,000
Information Technology	70,000	80,000
Auditor	43,500	43,500

Other Appropriations: Mandatory appropriations, such as Debt Service payments, Pension Obligations, Reserve for Uncollected Taxes, Insurances and the Business Personal Property tax payments that pass through the municipality for the Morris School District, total \$14,158,603 and account for almost 39% of Total Appropriations. These appropriations total \$115,325 above FY 2014 amounts mainly due to Pension Obligation and Healthcare Insurance increases. Discretionary costs, such as Salaries and Wages and Municipal Department Other Expenses account for 70% and 23%, respectively, of the other 61% of Total Appropriations. Finally, the two (2) multi-year Shared Service Agreements with the County of Morris for Radio Communication Dispatching and Public Health Services total \$369,337 and \$134,288, respectively.

SALARY & WAGES

The total 2015 Salary and Wage amount that includes base salary, longevity and step increases for all full-time union and non-union employees is \$13,760,148 - a decrease of over \$30,000 compared with last year. Further, overtime amounts budgeted this year were reduced to roughly \$141,000 below 2014 amounts (2015 Total OT - \$727,270). Even though the Public Works Division's projected 2015 overtime budget is lower than last year by \$65,000, it is above its pre-2014 five year average (\$112,000) by \$153,000 mainly due to the very active 2014/15 winter snow plowing/removal season. Finally, at the end of 2014, all six (6) employee collective negotiation unit contracts expired. Thus, the Town must prudently budget for potential cost-of-living adjustments by allocating \$300,000 in the Reserve for Salary & Wage to provide for retroactive salary increases that may be negotiated and approved in 2015.

The chart below shows the impact from any salary increase budgeted in 2015, which is broken down by non-union employees and collective negotiation units.

FY 2015 SALARY & WAGE INCREASES

GROUPS	TOTAL FULL-TIME EMPLOYEES	2014 TOTAL SALARIES	2015 TOTAL SALARIES	% S&W Adjustment in 2015	\$ Impact
Non-Union Employees	30	\$ 2,378,600	\$ 2,510,862	1.75%	\$ 43,184
Municipal Employees Association	57	3,458,869	3,446,972	Pending Contract Negotiation	\$ 0
PBA Local 43 (Patrol Officers)	41	3,248,807	3,301,043	Pending Contract Negotiation	\$ 0
FMBA Local 43	24	1,996,269	2,022,227	Pending Contract Negotiation	\$ 0
PBA Local 43 (Superior Officers)	13	1,736,376	1,502,148	Pending Contract Negotiation	\$ 0
FMBA Local 243	5	567,362	570,336	Pending Contract Negotiation	\$ 0
Local 255 Supervisors	5	404,670	406,560	Pending Contract Negotiation	\$ 0
TOTAL	175	\$13,790,953	\$13,760,148		\$ 43,184

OTHER DEPARTMENTAL EXPENSES (EXCLUDES GENERAL LEGAL LINE-ITEM)

Net total municipal operation Other Expenses (\$5,109,997) will increase this year by \$233,502, or 4.8% from FY 2014 (\$4,876,944). In addition to Tipping Fee and Winter Salt increases mentioned above, other notable appropriation increases are Planning Consultant and Long-range Planning (\$85,000), Voice (LAN lines & Cellular) & Data Network Service and Maintenance (\$29,000), and Building Maintenance & Repairs (\$19,480).

UTILITY AND ENERGY COSTS

Since January 2012, the Town has held three (3) reverse online electricity auctions, the most recent one of which occurred in October 2014 for a contract start date of February 2015 with a 24 month term period. Hudson Energy was the prevailing lowest bidder for general electricity supply (\$0.08870 basic generation fixed cost price), and Constellation NewEnergy for street lighting supply (\$0.06012 basic generation fixed cost price). Both of these suppliers will generate 75% of its electricity from various renewable sources. Overall, the Town anticipates to save almost \$30,000 this year when compared with current JCP&L basic generation service costs. The table below reflects the positive financial impact realized over the past 3 years by utilizing an online procurement auction platform to contract for electricity supply instead of paying JCP&L's tariff rate.

Budget Line-Item	2011 (Pre-Online Electricity Auction)	2012	2013	2014	Total Cost Savings Over 3 Year Period
Buildings	\$ 365,200	\$ 288,848	\$ 253,803	\$ 277,871	\$ 273,881
Street Lights	351,813	275,105	317,686	293,703	175,621
Sewer Utility	102,366	97,210	95,380	103,598	10,500
TOTALS	\$ 819,379	\$ 661,163	\$ 666,869	\$ 675,172	\$ 460,002

Retail gasoline/diesel fuel prices are trending downward. Yet, the energy market is still volatile given the multitude of global factors that affect crude oil and retail gasoline pricing. Therefore, based on current market conditions and price ranges, the Administration is decreasing its 2015 budget amounts for this line-item. Additionally, natural gas and propane costs have declined significantly over the last year, and continue at low levels this year. Given such, the Town is reducing its budgeted amount in these 2015 line-items.

INSURANCE

For FY 2015, the Town's health care insurance premium line-item of \$4,300,000 will increase slightly by over \$10,000 from last year. In 2014, the Town's experience related to its loss rate of medical claims-to-premiums paid deteriorated from 72% in 2013 to a 86% ratio. The industry average year ratio level is around 80-83%. Moreover, the Town's dental insurance premium will increase by 4.0% this year from an annual premium of \$236,000 to over \$245,000 per year.

Workers compensation and multi-line liability (e.g., General Liability, Property, Automobile, Excess Public Officials Liability, Police Professional Liability, Crime, Environmental Impairment Liability) insurance policy coverage will increase by over \$15,000 to a budgeted amount of \$779,205.

PENSION OBLIGATIONS

The Town's FY 2015 pension obligations will rise this year by a combined total of slightly over \$248,000. Overall, total annual pension payments for PERS and PFRS are \$2,639,634, which includes the amount of \$154,828 required this year to apply toward repayment of approximately \$1 million in pension obligations deferred in FY 2009.

The table below depicts the last eight (8) years of pension obligations. Unfortunately, for the first time since 2011, the Town's 2015 pension payments will enlarge significantly from last year.

PENSION OBLIGATION PAYMENTS

Fiscal Year	PERS	PFRS
2008	\$ 393,800	\$ 1,634,768
2009	282,030*	868,114**
2010	595,900	2,263,000
2011	783,500	2,279,000
2012	755,000	1,947,000
2013	675,951	1,909,021
2014	633,931	1,758,217
2015	709,702	1,929,932

* *PERS Full Pension Amount Owed - \$ 507,892*

** *PFRS Full Pension Amount Owed - \$1,669,720*

RESERVE FOR UNCOLLECTED TAXES

Last year's tax collection rate was 99.05%. The \$813,272 budgeted in FY 2015, which is slightly over \$8,000 appropriated last year, is based on a 98.6% collection rate estimate.

TOTAL APPROPRIATIONS CAP

Under the Total Appropriations CAP law, the State allows exclusions, or CAP base adjustments, to appropriation limits. Some of these exclusions are Debt Service, Reserve for Uncollected Taxes and Tax Appeals, Capital Improvements, Deferred Charges and Inter-local Service agreements. Even though the CAP Index is 1.5% this year with the option to increase it another 2.0% to 3.5% with the adoption of a CAP Bank Ordinance, the Town will be well-under its allowable Total Appropriation limit again in FY 2015 by \$1,726,941.

FY 2016 AND FY 2017 APPROPRIATION PROJECTIONS

The 2-year projected total General Revenue and Appropriation figures are based on the following annual assumptions:

- 2% Anticipated Total General Revenues
- 2% Salary & Wage increase
- 2-5% Other Expense increases
- 7.5% Health Care Insurance increase
- 7.5% Pension Obligation increase
- Town Net Assessed Valuation (NAV) Stable at FY 2015 level

MUNICIPAL BUDGET	<i>FY 2015</i>	<i>Projected FY 2016</i>	<i>Projected FY 2017</i>
Non-Tax General Revenues	\$13,947,299	\$14,226,245	\$14,510,770
General Appropriations (Grants excluded)	\$36,367,388	\$37,169,091	\$36,977,450
Reserve for Uncollected Taxes	<u>813,272</u>	<u>813,272</u>	<u>813,272</u>
Total Appropriations	<u>\$37,180,660</u>	<u>\$37,982,363</u>	<u>\$37,790,722</u>
Amount to be Raised by Taxes (Municipal Tax Levy)	\$22,420,089	\$23,756,118	\$23,279,952
Municipal Tax Rate	\$1.013	\$1.073	\$1.052
Percent Effect on Projected Municipal Tax Rate		5.96%	(2.00%)

These are only projections, yet they do provide conservative estimates of what to expect in the coming years. The projected FY 2016 increase is largely due to potential unknown health care insurance and pension obligation increases. Even though over the last two years the 2011 State Pension Reform law resulted in pension obligation decreases, and the Town's healthcare insurance premiums were down an average of 5%, both are increasing this year and the 2016-17 projections still assume a 7.5% increase because of future uncertainty.

OPERATING POSITION

The Town's operating position relies on its ability to: (1) balance its budget; (2) maintain emergency reserves; and (3) have adequate liquidity to pay its current liabilities in a timely manner. As statutorily mandated, the Town must balance its budget every year. However, balancing a multitude of fiscal mandates and service demands with fluctuating, limited financial resources is the real budget challenge each year. Further, the Town evaluates its reserve funds continually throughout the year to determine which reserve fund needs replenishment in the upcoming budget cycle. During any given fiscal year, the Town often receives its revenues in small or large installments, at infrequent periods of time. Therefore, it is imperative for the Town to make every effort to stabilize and increase its taxable base, experience high, consistent tax collection rates and, if necessary, solicit the financial market to borrow monies on a short-term basis to provide sufficient liquidity.

TAX BASE

The Town's property tax base provides approximately 62% of municipal budget revenues through its tax levy, which is the State average for all 565 municipalities. For this primary reason, it is essential for the Town to make every effort to preserve and defend its existing tax base in tax appeal litigation, and to carefully plan new development to maximize economic utilization of its rather small geographic area of 2.9 square miles.

A more complete picture of the Town's NAV is shown below.

ASSESSED VALUATIONS (LAND IMPROVEMENTS BY CLASS)

FY	Vacant Land	Residential	Commercial	Apartment	Industrial	TOTAL
2015	\$18,629,800	\$1,258,855,642	\$696,034,200	\$228,912,100	\$10,862,600	\$2,213,294,342
2014	24,721,200	1,250,437,042	697,605,000	226,722,100	11,253,500	2,210,738,842
2013	25,321,600	1,241,869,042	697,912,200	226,722,100	11,253,500	2,203,078,442
2012	26,496,100	1,242,453,642	701,858,700	227,140,400	11,253,500	2,223,416,160
2011	34,550,100	1,242,654,342	708,794,700	211,285,200	11,445,300	2,222,943,460
2010	56,476,200	1,247,516,242	717,666,000	211,285,200	11,445,300	2,257,627,429
2009	23,271,200	1,238,444,242	761,433,900	176,421,700	11,665,100	2,225,524,793
2008	49,435,100	1,195,501,242	824,460,800	176,921,700	11,665,100	2,273,701,864
2007	55,989,100	1,194,136,942	758,006,900	177,599,100	11,665,100	2,213,619,563
2006	20,973,400	1,186,237,542	810,147,900	168,248,100	11,665,100	2,213,494,463

Since FY 2010, the Town has had modest-to-large added assessments. However, the added assessments from various new projects have been offset by a large number of tax appeals that have resulted in a substantial drop in NAV. It should be noted that most of these large judgments span multiple years. For example, a judgment granted in FY 2014 for a FY 2010 assessment also affects the 2010 through 2015 NAV. Settlements, on the other hand, forestall future tax court appeals saving the Town money in the long term. Billable to exempt properties have a negative effect on the NAV as well. The table below provides an impact summary of how assessment gains over the last six years have been seriously negated by assessment reductions due to tax appeals.

<i>Summary of Assessment Changes FY 2010-2015 (to date)</i>						
Description	2010	2011	2012	2013	2014	2015
Additions:						
<i>New Added Assessments</i>	\$8,545,500	\$11,204,200	\$19,128,200	\$1,797,600	\$6,152,140	\$3,039,300
<i>Exempt to Billable</i>			264,600		657,600	657,600
Reductions:						
<i>State & County Judgments*</i>	(8,676,621)	(5,541,200)	(2,909,200)	(1,345,650)	(1,724,200)	
<i>Assessment Settlements in Lieu of Future Appeal</i>		(22,867,731)	(18,926,100)	(14,205,289 - Verizon) (202,200)	(443,300)	(483,800)
<i>Judgments settled for previous years</i>	(10,486,300)	(6,959,100)	(2,157,600)	(4,866,400)	(16,822,100)	(4,917,100)
<i>Billable to Exempt</i>			(3,051,500)	(714,400)		(359,900)
NET ASSESSMENT GAIN/LOSS	\$(10,617,421)	\$(24,163,831)	\$(7,651,600)	\$(18,190,689)	\$(12,179,860)	\$(2,724,500)

* County and State Judgments settled and applicable to the same year.

The following table provides the change in FY 2015 NAV from last year in all real estate classifications:

<i>FY 2014 and FY 2015 NAV Comparison</i>				
	FY 2014	FY 2015	\$ Difference	% Change
Vacant Land	\$ 24,721,200	\$ 18,629,800	\$ (6,091,400)	(24.64%)
Residential	1,250,437,042	1,258,835,642	8,398,600	0.67%
Commercial	697,605,000	696,034,200	(1,570,800)	(0.02%)
Apartment	226,722,100	228,912,100	2,189,900	0.97%
Industrial	11,253,500	10,862,600	(390,900)	3.47%

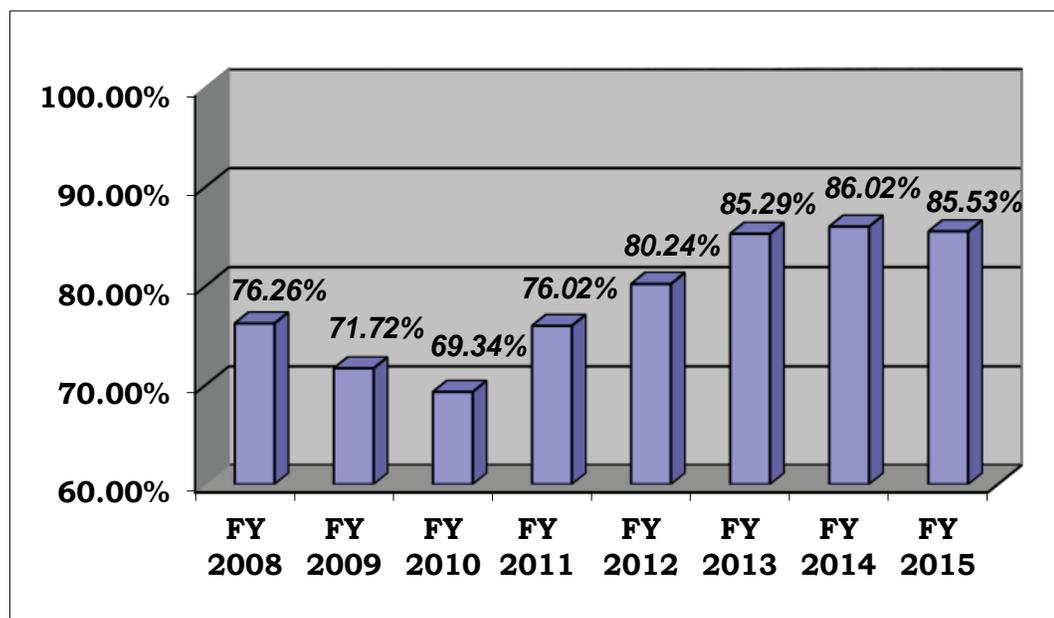
The Town's NAV increased for a second consecutive year. In 2015, the NAV moved higher by approximately \$2.55 million. As evidenced in the chart above, the Town's residential and apartment NAVs rose over \$10 million only for the gains to be offset by a \$6 million and \$2.19 million loss of vacant land and commercial NAV ratables, respectively.

Total tax appeal applications for FY 2014 were 184 comprised of 115 filed with the State tax court, and 69 with the County tax board. Of the those filed with the State tax court, there were 13 new applications as the others were property owners that have pending appeals from prior years. The County tax appeal filings were down considerably from 2013 when 91 applications were submitted. Last year, 8 of the 184 tax appeals were either adjudicated or settled. The table below shows the type of property classification under appeal, total

number of appeals filed in that respective classification, the number of appeals adjudicated and/or settled, and the 2014 old and new total NAV of those properties and the differential amount.

<i>FY 2014 Tax Appeal Summary State & County Appeals</i>					
<u>Class</u>	<u># of Appeals</u>	<u>NAV</u>	<u># of Appeals Adjudicated</u>	<u>Adjudicated/ Settlement NAV</u>	<u>Difference</u>
Vacant	13	\$ 14,904,800	0	\$ 14,904,800	\$ 0
Residential	67	31,756,000	6	29,612,700	(2,143,300)
Commercial	94	193,178,600	2	191,153,600	(2,025,000)
Apartment	9	72,734,000	0	72,734,000	0
Public Utility	1	8,529	0	8,529	0
TOTAL	184	\$ 312,584,929	8	\$ 308,416,629	(\$4,168,300)

The Town’s NAV-to-Fair Market Valuation (“FMV”) ratio (or “Ratio”) is a primary factor used in tax appeal litigation, and determines whether a property owner has a likelihood of success under State tax law. From FY 2008 through FY 2010, the Town’s NAV-to-FMV ratio steadily declined as the FMV amount increased above a property owner’s assessed valuation. The Ratio is a lagging indicator as it provides property sale data from a period dating back one year in addition to a weighted average of property sales data from the 2 years preceding last year from the time the County provides the ratio number in October of each year. For example, the Town’s FY 2015 ratio is based on weighted sales data from July 2011 to June 2013, and from selected sales from July 2013 until June 2014. The graph below illustrates the Town’s Ratio for FY 2015, and the preceding seven years.



As evidenced in the graph above, the Town's Ratio has trended upward over the last 4 years as FMV real estate sales data decreased vis-a-vis NAV. The 16.19% Ratio move from 69.34% in FY 2010 to 85.53% this year is more in line with the housing market reality that has existed since 2008.

RESERVES

The Town will continue to fund its Reserve for Tax Appeal line-item in anticipation of covering property tax revenue losses from any tax appeal judgment or settlement. Upon recommendation from the Town's property tax appeal professionals, the reserve amount needed in FY 2015 is \$610,000. New commercial tax appeals filed last year increased from 5 in FY 2013 to 6 in FY 2014. In total, there are approximately 114 pending commercial property tax appeal cases from prior years that could result in tax revenue refunds or credits to property owners. Last year, the Town refunded \$173,011 to property owners.

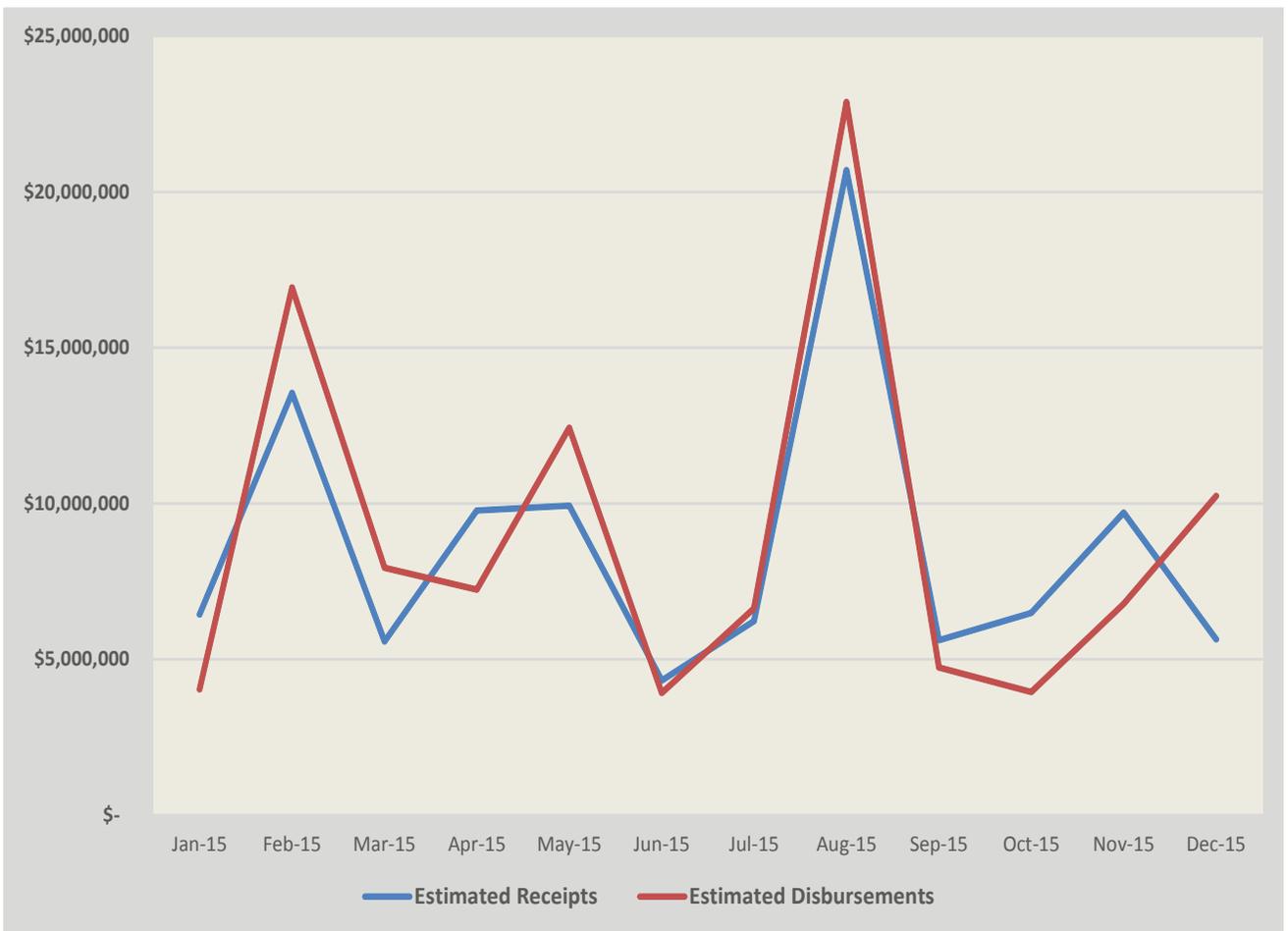
In 2014, the Town paid out over \$186,000 to six employees for accrued time who either resigned or retired (\$52,297 for vacation and \$133,897 for sick days). As a result, the Town has depleted its Reserve for Vacation and Sick Pay and is requesting \$125,000 in this year's budget to replenish the Reserve.

CASH FLOW

During the first five months of the fiscal year, current liabilities such as debt service, State pension obligations, Morris School District monthly payments, and Morris County quarterly payments amount to almost \$40 million. Moreover, the Town does not receive its State Aid of \$2.8 million until the 8th month of the year. Consequently, to meet its current liabilities on a timely manner, the Town generally issues Tax Anticipation Notes ("TAN's") during the first quarter to inject liquidity into its current fund. This allows the Town to meet its current liabilities until the third quarter tax revenue payments are collected. It should be noted that the Town paid off \$2.25 million toward TAN principal in March 2015 and reduced this year's TAN borrowing to \$1.0 million. Additionally, 99.08% of 2015 first quarter tax billings have been collected thus far. This percentage for the first quarter is about the same of what was billed and collected last year, and exceeds the 3.5% average of first quarter collections during 2012 and 2013.

The chart and graph below illustrate monthly fluctuations of the Town's projected cash flows during this year.

**Estimated Cash Flows (Current Fund)
For the Period January 2015 - December 2015**



<i>Month</i>	<i>Receipts (Est.)</i>	<i>Disbursements (Est.)</i>
January 2015	\$ 6,433,328	\$ 4,038,011
February	13,542,655	16,933,266
March	5,570,194	7,934,085
April	9,771,397	7,240,406
May	9,931,643	12,426,541
June	4,315,255	3,918,824
July	6,225,887	6,632,985
August	20,691,934	22,886,249
September	5,611,450	4,737,937
October	6,491,263	3,945,959
November	9,701,762	6,774,252
December	5,636,246	10,237,433

DEBT STRUCTURE

The Town's overall debt service obligations will decrease by approximately \$291,000 this year.

In the short-term debt market, the Town continues to benefit from its Standard & Poor's credit rating of 'AA' (stable outlook). Last year, the average net interest cost for one (1) note sale totaling \$2.47 million was 1.25%. In March 2015, the prevailing bid result of the Town's \$1.0 million Tax Anticipation Note sale was a net interest cost of 0.64%, or annual interest payment of \$6,400.

The chart below presents a summary of the Town's General Obligation Bonds (Operating Budget) and Sewer Utility Debt Obligations, which are funded by property taxes and user fees, respectively.

SUMMARY OF DEBT OBLIGATIONS

		Principal Outstanding 12/31/2014	2015 Principal Payment Due	2015 Interest Payment Due	Final Maturity	Primary Funding Source
<i>GO Bonds</i>						
2007	General Refunding Bonds	\$ 125,901	\$ 125,901	\$ 3,431	2015	Property Taxes
2012	General Refunding Bonds	2,360,000	1,195,000	52,875	2016	Property Taxes
2011	General Refunding Bonds	971,299	284,767	27,816	2018	Property Taxes
2005	General Refunding Bonds	3,894,126	707,738	253,118	2019	Property Taxes
2014	General Refunding Bonds	6,225,000	1,195,000	237,487	2019	Property Taxes
2009	General Refunding Bonds	1,150,000	0	53,426	2023	Property Taxes
	<i>TOTAL GO Debt</i>	\$ 14,726,326	\$ 3,563,406	\$ 628,152		
<i>Sewer Utility Bonds</i>						
2007	Sewer Refunding Bonds	\$ 44,099	\$ 44,099	\$ 1,202	2015	Sewer User Fees
2011A	Sewer Refunding Bonds	2,093,702	536,234	59,959	2018	Sewer User Fees
2014	Sewer Refunding Bonds	785,000	160,000	29,888	2019	Sewer User Fees
2005	Sewer Refunding Bonds	2,295,869	417,263	149,231	2019	Sewer User Fees
2011B	Sewer Refunding Bonds	635,000	85,000	18,881	2022	Sewer User Fees
1993/ 2009	Sewer Refunding Bonds	2,475,000	0	114,988	2023	Sewer User Fees
	<i>TOTAL Sewer Utility Debt</i>	\$ 8,328,670	\$ 1,242,596	\$ 374,149		

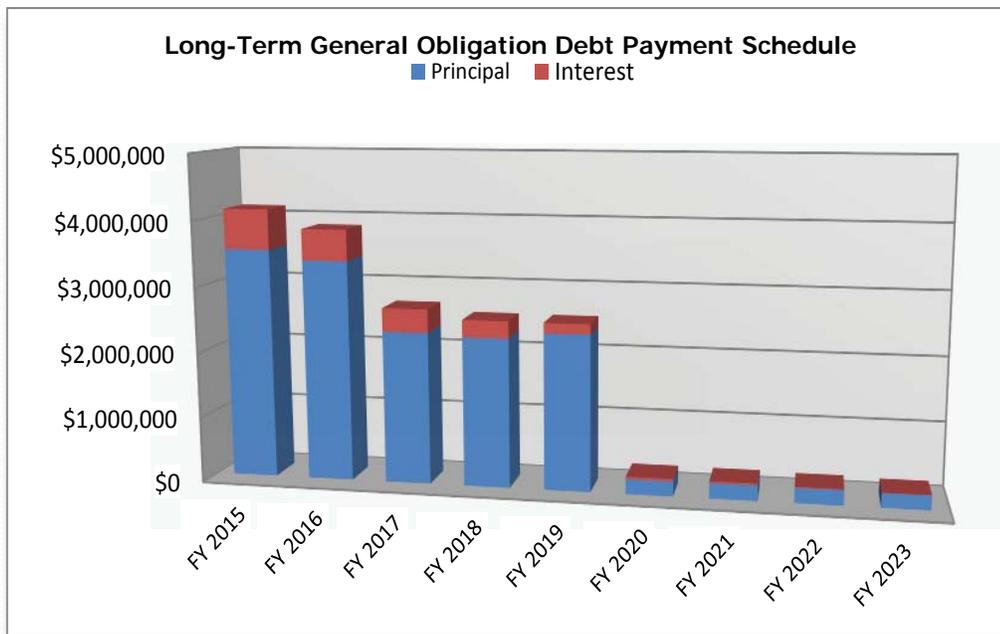
POSITIVE DEBT STRUCTURE TRENDS

Total Net Debt has steadily declined since FY 2005 by over \$42 million, and over \$16 million of long term debt since FY 2010 (see Debt Structure Analysis: Page 2-21). Though it is important for the Town to continue prudent long-term debt management practices, it should maintain a flexible adherence to its six (6) year capital improvement plan that may necessitate taking on new debt obligations. Sometime within this decade, the Town will finally be in a better position to allocate monies annually into its Capital Improvement Fund to “pay-as-you-go” for certain capital projects.

As of December 31, 2014, the Town’s total Net Debt (excludes Sewer Utility debt, but does include short-term Bond Anticipation Notes (BAN’s) is \$28,598,803. The percentage of the total Net Debt to Equalized Valuation [average of last 3 years (2012-14) - \$2,578,700,128] is 1.109%. While the Town’s annual Equalized Valuation (FY 2014 - \$2,584,752,534) is equal to the NAV multiplied by its NAV-to-FMV ratio in that given year, the Equalized Valuation calculated into the Net Debt ratio above is an average of the Town’s last 3 years of annual Equalized Valuations. Despite declining property values over the last several years, the Town’s commitment to lower its debt burden has greatly contributed to keeping its total Net Debt to Equalized Valuation below the 3.5% statutory maximum limit.

After two consecutive year decreases, the Town’s Net Debt Service expense (Long-term GO debt minus long-term Sewer Utility Debt) as a percentage of Total Revenues increased by 0.95% as a result of a \$2.4 million decline in operating revenues in 2014 compared with 2013 results. The main reason for the revenue variance between years was because of a \$2 million grant received in 2013 for the 17 Early Street property acquisition. Nevertheless, this indicator is trending in the right direction as it reached a high point of 16.11% in FY 2009, and is now at 13.51% (see Debt Structure Analysis: Page 2- 23). This trend downward should continue over the next decade as future long-term debt service payments are scheduled to decline (assuming no, or minimal amounts of new debt being authorized, and Total Revenues increase or remain steady). Finally, the Town’s ratio of Debt Service to Total Appropriations has fallen by over 3.0% (14.1%) from a 2010 level of 17.2%.

The graph and data below sets forth the Total General Obligation debt service schedule for long-term debt from FY 2015 to FY 2023.



Fiscal Year	Total Long-Term GO Debt Payments	Principal	Interest
2015	\$ 4,139,346	\$ 3,527,406	\$ 611,940
2016	3,854,483	3,381,620	472,863
2017	2,598,328	2,326,491	361,837
2018	2,547,952	2,281,362	266,590
2019	2,541,011	2,384,447	156,564
2020	269,138	230,000	39,138
2021	263,375	235,000	28,375
2022	246,750	230,000	16,750
2023	225,500	220,000	5,500

As evidenced above, long-term debt service payments will modestly decrease next year until FY 2017 when the Town’s GO debt service payments will drop substantially by about \$1.2 million. Over the next five years, the Town will pay off about \$14 million in long term debt, leaving just \$1 million outstanding.

Since FY 2008, the Town has issued BAN’s because of exceedingly favorable short-term borrowing costs to finance various capital projects. At the end December 31, 2014, in the Town’s Current Fund (Operating Budget), the Town has about \$11.53 million outstanding in BAN’s.

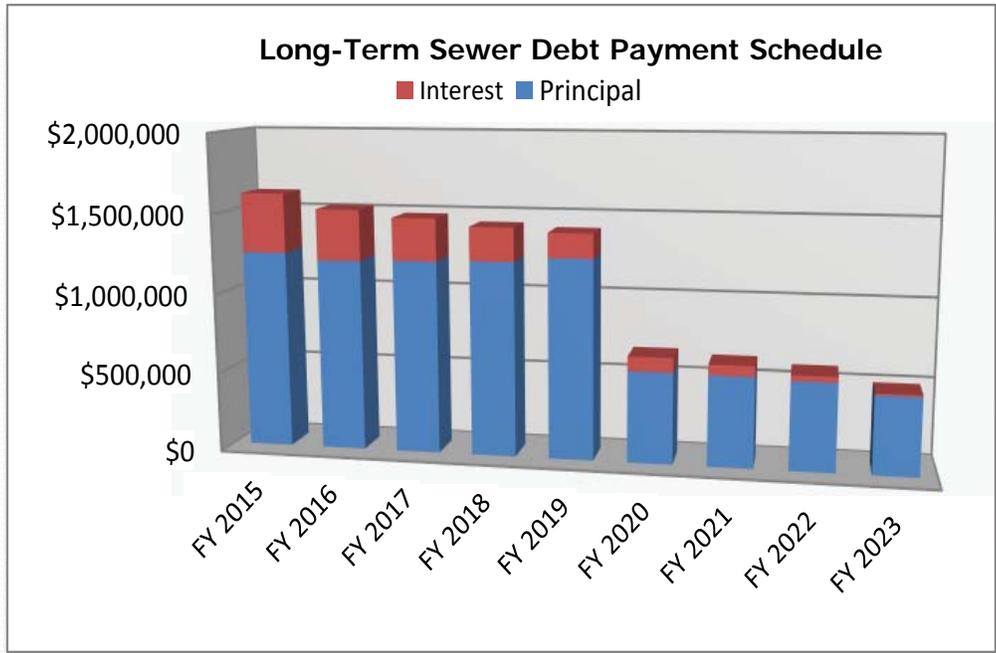
Debt reduction will continue to be a high priority of this Administration, and key to this effort is to limit new debt for capital expenditures vis-a-vis existing principal debt payments during that same year below 60%. For example, in FY 2015, total principal payments will exceed proposed new debt (\$2,536,000) for capital improvement projects by about \$1.44 million. The graph and data below provides ample evidence of how the Town has improved its debt management practices since FY 2002, realizing a total Operating Budget debt reduction of a net \$25.65 million.

OPERATING BUDGET DEBT REDUCTION vs. NEW DEBT AUTHORIZED

Fiscal Year	Debt Principal Paid	New Debt Authorized	Reduction/(Increase)
2002	\$2,235,000	\$2,377,000	(\$142,000)
2003	3,160,000	2,242,000	918,000
2004	2,476,673	1,822,000	654,673
2005	2,782,153	2,610,000	172,153
2006	2,970,228	1,895,000	1,075,228
2007	3,212,293	2,226,000	986,293
2008	3,769,928	1,293,900	2,476,028
2009	4,037,340	485,000	3,552,340
2010	4,385,000	1,165,000	3,220,000
2011	4,482,000	1,155,000	3,327,000
2012	4,607,953	1,623,500	2,984,453
2013	4,013,068	1,015,000	2,998,058
2014	4,192,000	2,350,000	1,842,000
2015	3,981,406	2,536,000*	1,444,806

* Administration request in FY 2015 Executive Budget (not yet authorized by Town Council).

Below illustrates the Sewer Utility Debt Service Payment Schedule until the final principal payments on sewer long-term debt issuances are paid off.



Fiscal Year	Total Sewer Utility Debt Payments	Principal	Interest
2015	\$ 1,614,707	\$ 1,242,596	\$ 372,111
2016	1,522,734	1,203,379	319,355
2017	1,478,539	1,213,508	265,031
2018	1,433,466	1,223,637	209,829
2019	1,408,205	1,255,550	152,655
2020	664,925	575,000	89,925
2021	634,659	570,000	64,659
2022	592,806	555,000	37,806
2023	502,250	490,000	12,250

For the second consecutive year, the Town’s Sewer Utility operating budget completely funded \$300,000 in capital improvement projects instead of financing it through short-term debt. In 2015, debt service is down slightly again from last year’s obligation. And, similar to the last two years, the Sewer Utility’s 2015 capital project needs of \$670,000 will be funded through its operating budget.

As of the end December 31, 2014, the Town’s Sewer Utility Fund has about \$5.49 million outstanding in BAN’s. Keeping to its commitment to pay off its short-term debt over the next 5 years, the Town Administration is appropriating \$527,000 to pay down principal on its BAN’s in the Sewer Utility budget even though its legal principal installment due is only just over \$100,000. Assuming the Town continues to employ a “pay-as-you-go” approach to any annual Sewer capital improvement project at the Plant, and does not incur additional short-term debt to pay for such, the Town strives to payoff its existing short-term sewer utility debt by no later than FY 2023 when its long term debt obligation repayment period comes to an end.

MUNICIPAL PERSONNEL

With staffing levels hitting an historic low in 2012 due to attrition, involuntary workforce reductions and professional service agreements, the Town is cautiously rebuilding its organization with hiring decisions in key functional areas such as Public Works, Code Enforcement, and Public Safety. Over the last year, the Town Organization’s staff grew by one (1) full-time employee for a total of 185 positions (175 full-time and 10 part-time), with 167 of these full-time positions funded through the Operating Budget. The other 8 full-time positions are located in the Sewer Utility, whose budget is funded by user fees. The following table depicts all full-time and part-time municipal employees (excluding seasonal or temporary workers and elected officials), broken down by Department, Bureau, Division and Office over a 6 year period.

TOTAL MUNICIPAL EMPLOYEES FY 2010– 2015

Departments	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	FT	PT										
Administration	3	0	3	0	3	0	3	1	4	1	4	0
Town Clerk	4	0	4	0	4	0	4	0	3	0	3	0
Police	60	0	55	0	54	0	55	0	59	0	59	0
Superior Officers	15	0	14	0	14	0	15	0	15	0	14	0
Detectives	6	0	6	0	5	0	5	0	6	0	6	0
Patrol Officers	32	0	31	0	31	0	31	0	34	0	35	0
Admin. Staff	7	0	4	0	4	0	4	0	4	0	4	0
Fire	33	0	32	0	31	0	32	0	32	0	32	0
Superior Officers	6	0	6	0	6	0	7	0	7	0	7	0
Firefighters	26	0	25	0	24	0	24	0	24	0	24	0
Admin. Staff	1	0	1	0	1	0	1	0	1	0	1	0
Legal	1	0	1	0	1	0	1	0	1	0	1	0
Revenue & Finance	7	0	7	1	7	1	7	1	7	1	8	1
Treasurer	3	0	3	0	3	0	3	0	3	0	4	0
Tax Collector	4	0	4	0	4	0	3	0	3	0	3	0
Tax Assessor	0	0	0	1	0	1	1	1	1	1	1	1
Human Services	12	2	12	1	12	2	0	0	0	0	0	0

Code Enforcement	0	0	0	0	0	0	18	1	20	1	19	2
Building & U.C.C. Enforcement	8	0	8	0	8	0	7	0	7	0	7	0
Health	3	0	3	0	3	1	3	1	2	1	2	1
Animal Control	0	1	1	0	1	0	1	0	1	0	1	0
Property Maintenance	5	0	4	0	4	0	3	0	4	0	4	0
Rent Leveling	1	0	1	0	1	0	1	0	1	0	1	0
Zoning	3	0	3	0	3	0	2	0	4	0	3	1
Public Works	46	3	40	4	38	4	40	5	41	5	42	5
Public Works	24	0	25	2	23	2	27	3	28	3	28	3
Sewer Utility	8	0	8	0	8	0	8	0	8	0	8	0
Recycling	7	0	1	0	1	0	1	0	1	0	1	0
Planning	0	0	0	0	0	0	0	0	0	0	0	0
Engineering	3	0	3	0	3	0	3	0	3	0	3	0
Recreation	3	0	3	0	3	0	1	0	1	0	2	0
Bus Transport (Colonial Coach)	1	1	0	1	0	1	0	1	0	1	0	1
Clean Communities	0	1	0	1	0	1	0	1	0	1	0	1
Municipal Court	7	3	7	2								
Admin. Staff	7	0	7	0	7	0	7	0	7	0	7	0
Judges	0	2	0	2	0	2	0	2	0	2	0	2
Prosecutors	0	0	0	0	0	0	0	0	0	0	0	0

Town Personnel	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Full Time	181	169	165	168	174	175
Part Time	8	8	9	10	10	10
TOTAL	189	177	174	178	184	185

HEALTH CARE INSURANCE PREMIUM COSTS

Early this year, the Town Council authorized the Administration to change medical and prescription insurance providers from Horizon Blue Cross/Blue Shield to United Healthcare/Oxford for the period March 2015 - February 2016 because of escalating premium renewal costs. The Town's experience rate of medical claims-to-premiums paid (Loss Ratio) declined from 72% in 2013 to 86% in 2014. Due to this higher loss ratio, the Town opted to change providers and accept a lower annual premium increase (3.3%) than stay with Horizon BC/BS and pay an 11.5% increase. Fortunately, given that Town employee insurance premium cost sharing increased substantially this year, the Town's projected health care insurance appropriation line-item will increase only by just over \$10,000.

Since FY 2010, the Town sets a fixed commission amount for its health care insurance broker to receive each year. By requiring an annual fixed commission fee below the industry standard, the Town has realized a cumulative average annual savings of \$300,000.

Despite marketing efforts of our insurance broker to obtain competitive quotes from other dental insurance providers, the Town decided to continue its 20+ year relationship with Delta Dental to provide coverage for current and retired employees in 2015. However, the Town’s total dental premium will increase this year by 4.0%, which will amount to an annual premium of approximately \$245,000.

In sum, medical and dental insurance appropriations will total near \$5.54 million. However, factoring in deductions from employee/retiree health care premium cost sharing (\$750,000), healthcare insurance reserves (\$152,000) and allocation of insurance benefit costs to the Sewer Utility (\$218,000) and the Division of Building and U.C.C. Enforcement (\$120,000), the Operating Budget amount appropriated in the healthcare insurance line-item is \$4.3 million.

“OPT-OUT” INCENTIVES

In FY 2010, the Governor signed legislation that placed limits on how much a municipality pays a public employee who chooses to “opt-out” of its employer’s health care insurance plan. The law states that employers must now only pay up to a maximum \$5,000 per year for any employee/new enrollee who opts-out after May 21, 2010. Further, pursuant to O-12B-10, any newly elected or re-elected official does not receive opt-out payments if they choose to forgo health care insurance coverage.

While the change in State law may diminish the financial incentive for an employee to opt-out if already covered by a spouse’s insurance policy, the Town’s efforts over the last several years to educate employees and retirees about the “opt-out” choice will continue to result in cost savings. For that reason, the Town will not have to insure 14% of its full-time employees for medical and/or dental coverage this year, realizing an overall total savings of \$568,542 in total insurance premiums.

**MEDICAL AND DENTAL INSURANCE “OPT-OUT” SAVINGS
FY 2006-2015**

Fiscal Year	Number and Type of Employees “Opting-Out”	Total Insurance Premiums	Total Payments to Employee	Total Premium Savings to Town
2015	24 Current Employees 2 Retirees	\$705,625	\$132,083	\$568,542
2014	23 Current Employees 2 Retirees	624,698	125,000	499,698
2013	23 Current Employees 2 Retirees	621,772	219,884	401,888
2012	19 Current Employees 2 Retirees	576,239	223,119	353,120
2011	18 Current Employees 3 Elected Officials 2 Retirees	568,827	218,522	350,305
2010	22 Current Employees 3 Elected Officials 2 Retirees	620,627	262,564	358,063

2009	22 Current Employees 3 Elected Officials 2 Retirees	537,092	236,210	300,882
2008	21 Current Employees 2 Elected Officials 2 Retirees	398,870	177,890	220,980
2007	17 Current Employees 2 Retirees	251,469	111,499	139,970
2006	6 Current Employees 0 Retirees	56,061	25,801	30,260

MEDICAL AND DENTAL COST SHARING TERMS

In accordance with the State Health Benefits Reform Law, Chapter 78, P.L. 2011, a Town employee’s health care insurance contribution is determined as a specified percentage of the medical/dental coverage plans premium within a salary range expressed in the law, but not less than 1.5% of an employee’s current pensionable salary. Employees who were hired prior to the effective date of Chapter 78 were subject to a four (4) year phase-in of the full contribution amount. Various circumstances prescribed in the law may affect whether the phase-in applies to certain employees. For example, an employee who is hired on or after the statute’s effective date shall contribute at the highest level (Year 4) appropriate to their salary range, or at 1.5% of pensionable salary, whichever is greater. All current Town employees are now at Year 4, and will contribute approximately \$750,000 toward insurance premium costs - about \$179,000 more than last year. Retirees insurance cost sharing obligations are about \$25,456.

Moreover, pursuant to Town Ordinance O-12B-10, any newly elected or re-elected official whose term started January 1, 2012 or after must pay 100% of their health care insurance premiums (single or family coverage). The chart below delineates the Town’s estimated annual cost savings from the State law as well as other medical and dental insurance cost-sharing terms as it relates to each specific group of employees.

MEDICAL AND DENTAL INSURANCE COST SHARING TERMS

Group	New Jersey Statute, Public Law 2011, c. 78, Mandated Health Care Insurance Cost Sharing Terms (unless Town Promulgated or Negotiated Cost Sharing Terms)	Estimated Annual Savings
<i>Non-Union</i>	% of Health Insurance Premium	\$101,895.27
	Dental Insurance Paid (Opted-Out of Medical Coverage)	2,237.88
	Traditional Premium Differential	5,764.84
	<i>Group Sub Total - \$109,897.99</i>	
<i>FMBA Local #43</i>	% of Health Insurance Premium	\$121,916.76
	Dental Insurance Paid (Opted-Out of Medical Coverage)	1,503.12
	Traditional Premium Differential	0.00
	<i>Group Sub Total - \$122,916.76</i>	

FMBA Local #243	% of Health Insurance Premium	\$46,018.93
	Dental Insurance Paid (Opted-Out of Medical Coverage)	0.00
	Traditional Premium Differential	0.00
	<i>Group Sub Total - \$46,018.93</i>	
Local 255	% of Health Insurance Premium	\$18,630.00
	Dental Insurance Paid (Opted-Out of Medical Coverage)	0.00
	Traditional Premium Differential	0.00
	<i>Group Sub Total - \$18,630.00</i>	
Municipal Employees Association	% of Health Insurance Premium	\$197,023.87
	Dental Insurance Paid (Opted-Out of Medical Coverage)	2,370.84
	Traditional Premium Differential	6,532.84
	<i>Group Sub Total - \$205,927.55</i>	
PBA#43 (Patrol Officers)	% of Health Insurance Premium	\$183,895.84
	Dental Insurance Paid (Opted-Out of Medical Coverage)	0.00
	Traditional Premium Differential	0.00
	<i>Group Sub Total - \$183,895.84</i>	
PBA#43 (Superior Officers)	% of Health Insurance Premium	\$66,354.27
	Dental Insurance Paid (Opted-Out of Medical Coverage)	4,509.36
	Traditional Premium Differential	0.00
	<i>Group Sub Total - \$70,863.63</i>	
Elected Officials	100% of Single and Family Medical Coverage	\$0.00
	Fully Paid Dental by Official (Opted-out Medical Coverage)	1,503.12
	<i>Group Sub Total - \$1,503.12</i>	
Retirees	Traditional Plan Premium Differential	\$18,468.72
	Dental Price Increase Differential	6,986.88
	<i>Group Sub Total - \$25,455.60</i>	

MUNICIPAL SERVICES

The Town Administration is deeply committed to having its organization operate innovatively and demonstrate best practices. Town employees are expected to evaluate whether their respective functions are operating efficiently, deliver municipal services in the most effective manner, and act professionally at all times when interacting with the general public. Since 2010, the Town has managed to provide vital, public services in the most professional, effective and efficient manner despite a leaner staff that was 15% larger five years ago. Below sets forth a brief synopsis of Municipal Department efforts to be more fiscally responsible, accountable and service-oriented to all residents and entities interfacing with our Town government.

DEPARTMENT OF ADMINISTRATION AND PUBLIC SAFETY

BUREAU OF POLICE PROTECTION

In December 2014, two (2) Morristown Police Officer Trainees graduated from the Morris County Public Safety Academy after completing twenty-one weeks of training. In March of 2015, after an additional fourteen weeks of training with veteran Morristown Police officers, these rookie officers will be ready to address the numerous tasks brought to the attention of the Bureau of Police.

Three (3) additional police trainees have been hired by the Police Bureau and commenced their training during the second week of January 2015. The three officers will replace officers who retired in February 2015. The new officers will enable the Police Administration to continue deploying officers on foot patrol, a method of patrol that has been well received by the business community. Those officers will also enable the Police Administration to continue deploying officers on bicycle patrol, a valuable resource given the development in Morristown and the resulting increase in vehicular and pedestrian traffic from 6 AM each day until 3 AM the following day.

The Police Bureau added a Traffic Safety Unit in 2014 that is comprised of Class II special police officers assigned to ensure the movement of traffic through the Central Business District and along Speedwell Avenue.

The Bureau of Police continues to handle increases in assigned tasks as numerous organizations, old and new, request to hold events in Morristown. In the month of February 2015 alone, there was an increase from one to three major running events.

BUREAU OF FIRE PROTECTION

The Fire Bureau continues to respond with the most highly trained Firefighters in our region. Its training with the federally-funded Urban Search & Rescue (USAR), along with our mutual aid alliance, has provided this Bureau with such skill not only in fire fighting and EMS, but in rescue operations as well.

In 2014, technological upgrades and new computer hardware were priorities of the Fire Bureau Administration. The Bureau purchased three (3) computer tablets that enabled Fire personnel to have instantaneous access of vital information on hazards with any type of chemical, building plan, contact information as well as most hazards that can be encountered at a property. The Bureau's short term goal is to outfit all emergency vehicles with this technology. Moreover, these tablets will serve Bureau inspectors with the ability to inspect on-site, print out a violation and serve the entity immediately that will reduce postage as well as paper costs.

Fire Bureau Headquarters has seen many physical changes over the last few years. Namely, in 2014, a new diesel exhaust venting system and LED energy efficient lighting were installed in the fire station bay area in addition to various energy star insulated replacement windows.

On the operations side, the charts below show a breakdown of both Fire Bureau incident totals for 2013 and 2014, which includes Emergency Medical Service (EMS) calls, and Fire Prevention Life Hazard Use (LHU) and non-LHU inspections.

FIRE BUREAU INCIDENT ACTIVITY				
<i>Type of Incident</i>	<i>2013</i>	<i>% of Incident Calls</i>	<i>2014</i>	<i>% of Incident Calls</i>
Fire	133	6.58%	94	3.84%
EMS & Rescue	724	35.82%	1,000	40.82%
Hazardous Conditions (No Fire)	117	5.79%	158	6.45%
Service Call	128	6.33%	170	6.94%
Good Intent Call	146	7.22 %	212	8.65%
False Alarm & False Call	741	36.67%	760	31.02%
Severe Weather & Natural Disaster	1	0.05%	1	0.04%
Special Type - Overpressure, explosion - no fire	<u>31</u>	1.54%	<u>55</u>	0.20%
Totals	2,021		2,450	

FIRE PREVENTION INSPECTIONS		
	2013	2014
<u>Life Hazard</u>		
• Total # of Inspections	248	264
• Total # of Re-inspections	149	90
• Total # of Cert. of Insp. Issued	248	264
<u>Non-Life Hazard</u>		
• Total # of Inspections	360	425
• Total # of Re-inspections	140	185
• Total # of Cert. of Insp. Issued	305	425

Fire Prevention anticipates to collect approximately \$55,000 in Life Hazard Use (LHU) fees this year. For non-LHU inspection fees, the Fire Administration projects to reach \$18,500. Fire Permit fees are expected to total \$1,500. Lastly, Fire Prevention will continue to provide for in-school fire safety education for the students of Morristown schools. There was one (1) citizen fire death in 2014. In response to this fatality, the Fire Bureau in coordination with the Mayor's office released several fire safety press releases to address the issue that led to the tragic outcome. Additionally, in mid-February 2015, the Fire Bureau held a fire safety and education session that was open to all citizens of Morristown.

MUNICIPAL COURT

The Municipal Courts of New Jersey continue to decide more cases than any other court in the State. What contributes to a Court Administrator's ever increasing mandates are factors such as new legislation and procedures. This along with enlarging jurisdiction, stricter penalties for drunk driving and drug related offenses, increased drug enforcement, more vigilant code enforcement and case management complexity all contribute to the ever demanding burden to run an efficient and effective court office.

- Over the last year, the Administrative Office of the Courts completed a full PC replacement project that required mandatory training for the court staff. The state PC's are now run on a web application, which is rolling out in four (4) phases.

- In 2014, the Town's Police Bureau fully implemented the issuance of e-Ticketing in conjunction with the Municipal Court. This implementation has improved efficiency for both functional service areas.

- All three (3) Deputy Court Administrators successfully completed their requirements of full accreditation as set forth in R:1:41-3(c).

The final statistical report for July 2013 through June 2014 (Court Year) provides a comprehensive summary of the tremendous amount of work completed by staff and judges. The staff in Morristown Municipal Court continues to provide an extraordinary effort to be efficient, timely with quality customer service and to be Fair, Efficient & Prompt. Justice delayed is justice denied!

Morristown Municipal Court ranking in the State of New Jersey:

- #41 in Total Added Cases.
- #66 in Indictable total added cases.
- #24 in total added Other Criminal cases (includes DP & Code Violations).
- #26 in total added Parking cases.
- #151 in total added Traffic (Moving) cases.
- #92 in total added DWI cases.

OFFICE OF SENIOR SERVICES

The Office of Senior Services provides various activities and programs to the senior population of Morristown. These include the "Flex and Stretch Exercise Program", the 60+ Club, Chess and Bridge Clubs, A.A.R.P. income tax assistance and defensive driving classes, informational forums, monthly movies, insurance counseling (S.H.I.P.), blood pressure and other health-related clinics as well as bi-monthly newsletters. In all areas, participant numbers increased in FY 2014. The Office continues to offer free local trips to such places as Washington's Headquarters, The Seeing Eye, MacCulloch Hall, Turtle Back Zoo for Morristown Seniors. Also, in partnership with the Morris County Office of Health Management, the Office of Senior Services has begun running healthy aging programs such as the "Science of Breathing" and the "Art of Laughter."

The Office also sponsors an Annual Picnic and Holiday Party for our senior population. Participation in both events has greatly increased over the last several years. Fortunately, the increased costs for these programs has been significantly offset by the generosity of local restaurants and other Morristown businesses who generally contribute food and other goods. Also, in conjunction with the Morris County Nutrition Program, the Office of Senior Services delivers hundreds of meals to home bound seniors. Additionally, food/shopping transportation is provided to individuals on Tuesday, Wednesday and Thursday mornings. Through the National Council on Aging, the Office Manager has been able to obtain clerical support at no cost to the Town.

OFFICE OF THE TOWN CLERK

The Town Clerk is one of the four statutory positions within the Morristown municipal government and serves as the hub of municipal government. The Town Clerk acts, serves as and/or performs:

- Secretary of the municipal corporation and custodian of the municipal seal and of all minutes, books, deeds, bonds, contracts and archival records of the municipal corporation;
- Secretary to the Town Council who prepares the governing body meeting agendas and attends all meetings of the Council;
- Chief administrative officer in all elections held in the municipality;
- Chief registrar of voters in the municipality, subject to the requirements of Title 19 of the New Jersey Statutes;
- Administrative officer responsible for acceptance of license and permit applications, and issuance thereof;
- Coordinator and records manager responsible for implementing local archives and records retention programs as mandated pursuant to Title 47 of the New Jersey Statutes; and
- Other duties as are not or hereafter imposed by statute, regulation or by municipal ordinance or regulation.

Serving the residents of Morristown, the Town Clerk endeavors to present and maintain openness and transparency of its government records. In effectuating such, the Clerk's Office has processed over 2,000 Open Public Records Act (OPRA) requests since 2010. The quality of the Town's records management is a continuing priority of the Clerk's Office. It seeks improvement on the existing storage system to provide a more expedient and efficient response to OPRA requests. Lastly, in its pursuit to provide additional services to Morristown residents in 2015, this Office will evaluate, among other things, whether it can furnish passport services.

DEPARTMENT OF REVENUE & FINANCE

Encompassing the offices of Tax Collection, Tax Assessing and Finance, and overseen by the Chief Financial Officer (CFO) the Department of Revenue and Finance responsibilities entail overall custodianship of Town financial assets, annual State budget formation, coordination of the annual audit, financial record keeping, and financial and debt statement preparation to name a few. An additional responsibility of the CFO is the operation of an effective cash management program. The purpose of this program is to derive the greatest possible productivity from funds being held by the Town that are not immediately needed for disbursement. While the cost of borrowing money is very low, the outcome of such monetary policy is minimal earnings investment potential on cash held in Town accounts.

In 2014, a new reporting requirement made certain mandatory information relative to the issuance of debt required to be posted online on EMMA (Electronic Municipal Market Access). As expected, the Town is in compliance with this mandatory requirement.

As stated earlier, Morristown's Net Assessed Valuation tax base increased this year by \$2.55 million. Added ratable assessments help offset any municipal tax levy increase related to budgetary unbalancing.

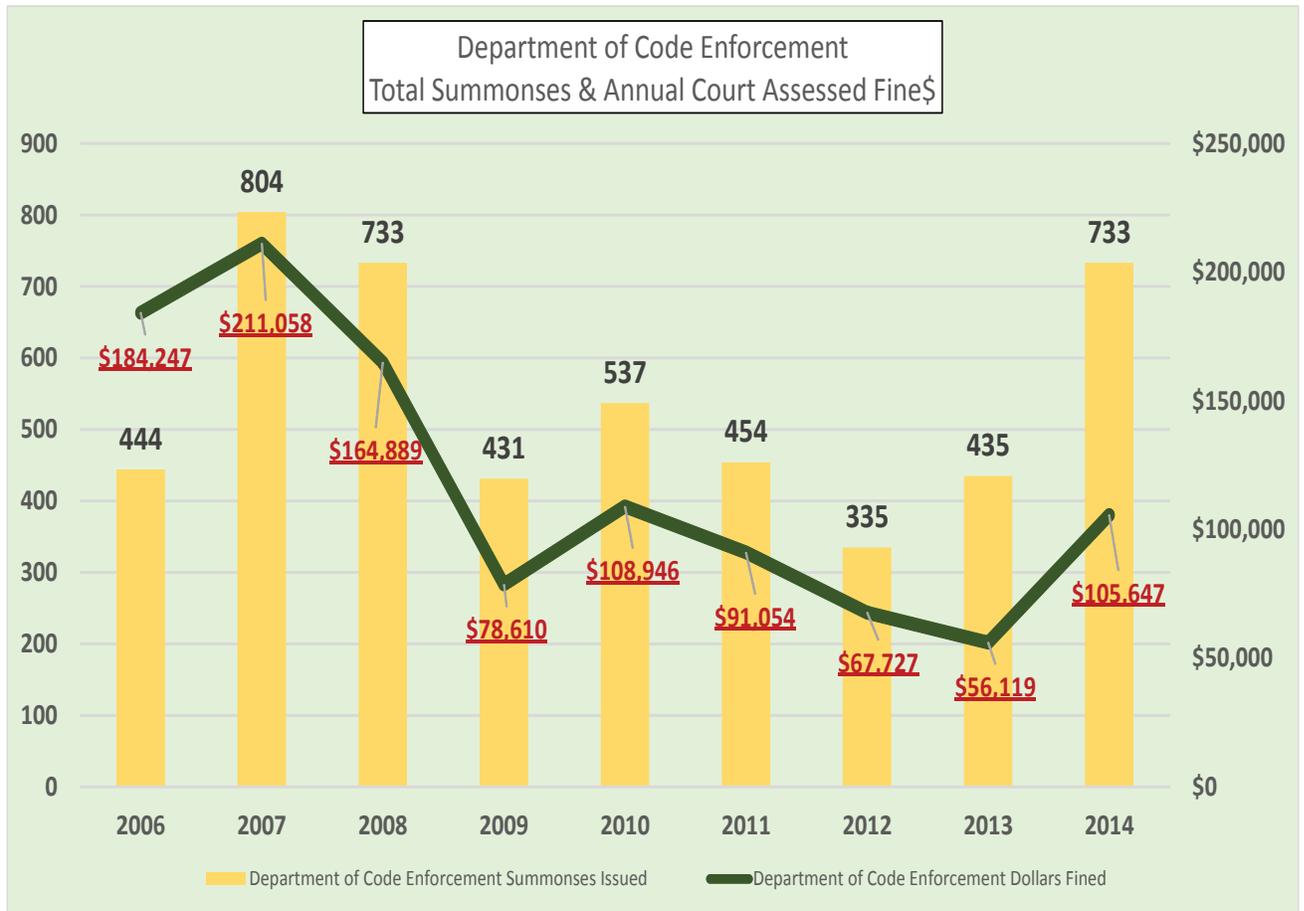
DEPARTMENT OF CODE ENFORCEMENT

The Department of Code Enforcement is comprised of the Divisions of Building & U.C.C. Enforcement, Health/Animal Control, Property Maintenance, Rent Leveling and Zoning. The Department's objectives within each Division is to ensure efficient permitting, inspections, enforcement and abatement practices as well as effectively overseeing building safety, property use and maintenance, public health, rent leveling and zoning compliance. The ultimate goal of the Department is compliance with State and Town codes in order to promote a safe and inviting environment for the residents and visitors of Morristown.

In 2014, the Department announced it would begin the process of implementing a GIS web-based software product (Property Pilot). Property Pilot is now used in Animal Control, Property Maintenance, Rent Leveling and Zoning Divisions. The use of Property Pilot allows for inspectors to timely document their findings, provide immediate inspection results, complaint resolutions and follow-up inspections concluding with abatement. Furthermore, this tool provides for immediate data collection and analysis which shows the types of violation that occur most frequently and specific location. As a result, each Division Manager can better assign their staff to abate these violations.

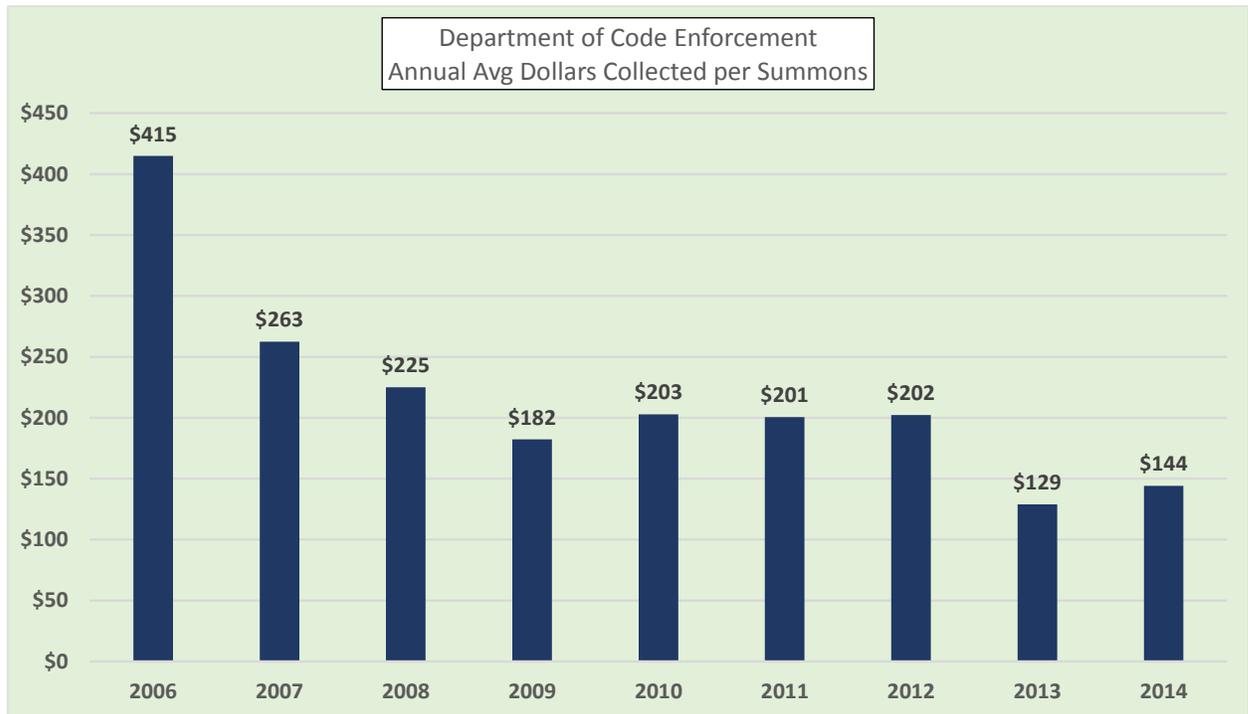
By streamlining the documentation and investigation process and focusing inspectors on specific areas, the Department is more proactive in deploying inspectors to address code enforcement issues instead of re-actively responding to complaints. For example, in 2014, approximately 64% of all violations were generated by Town code inspectors and not from a resident complaint.

In order to attain the goal of compliance, inspectors must actively canvass residential and business district areas. According to 2014 Municipal Court statistics, the Department's increased vigilance resulted in 733 summonses issued - the highest total in 6 years, and the second highest total in 9 years. The graph below depicts the number of summonses issued by year and fines assessed by the Court in those respective years. It is also noteworthy that in 2007, 804 summonses issued were done by 14 inspectors as compared with last year when 733 total summonses were issued by 9 inspectors on staff.



Communication and education are important factors when attempting to gain compliance. An additional focus for the Department was, and continues to be continued inter-Division communications and improved communication/Code education to Town property owners. Acting proactively, inspectors are finding residents and business owners to be appreciative of this approach. Door hangers and Notices of Violations are the first line of the communication/education process. However, summonses and an appearance in court are sometimes the only way to attain compliance.

As stated earlier, 2014 saw the most summonses issued in 6 years, an almost 70% increase over 2013. The graph below illustrates that even though overall number of summonses were up the past 2 years, dollars per summons realized were historically low. This outcome is due to Code Enforcement inspectors and the Municipal Court system working together to attain the target goal – Compliance.



In 2015, the primary goal of this Department is as follows:

Implement the Property Pilot software platform in the Health and Construction Divisions in order to track and report on all inspections by:

- Violation Type
- Source of complaint
- Resolution
- Efficiency of process
- Monthly Productivity Reports to Administration

DIVISION OF BUILDING AND UNIFORM CONSTRUCTION CODE ENFORCEMENT

Over the last several years, this Division has made various procedural, technological and policy changes to improve service and ensure consistency, transparency and uniformity for its customers as it relates to issuing and managing inspections and permits. While the changes are numerous, some examples are:

- Process improvements made in 2010 to ensure that both Planning and Zoning Board approved projects are built exactly as approved (e.g., Board Approval Checklist and Affidavit). This process change has proven to be very successful. Partnerships have been established with the General Contractor, the Board Engineer, the Zoning Division and the Building Division that protect and maintain the integrity of all Board approved projects.
- Implementation of a Permit Ordinance to address new commercial tenants or property sales (i.e., Commercial Certificate of Continuing Occupancy or “CCCO”) that has benefited new tenants and owners alike. Visual inspections have revealed issues regarding non-functioning emergency lights and other CCCO checklist compliance requirements. Moreover, the CCCO permits generated

an additional \$12,500 toward the Division’s 2014 revenue intake. This was an 11% increase from 2013, and is 100% greater than the first year of implementation that positively indicates increased awareness and compliance of this regulation.

- Open door policy for meeting and assisting customers with any questions or concerns with regard to permit, inspection and plan reviews.
- Through the use of its construction code software program, the Division can review weekly and monthly reports to identify open permits, pending temporary certificates of occupancy expirations, and stop-work orders. Form letters are generated and sent, and follow-up calls are made to bring closure to the matter. Lastly, monthly permit activity reports are forwarded to the Tax Assessor’s office to ensure property assessed valuation is kept current.
- The Division continues to address open permits. Open permits are problematic to a municipality for a couple of reasons. One impact is that open improvement permits equate to new tax revenues that are not being assessed and collected. Second, open permits can affect property owner insurance claims and/or real estate sales. Thus, the Division will continue to vigilantly pursue completion and close-out of open permits.

INSPECTION COUNTS

Fiscal Year	Building	Electric	Plumbing	Fire	Total Inspections
2014	2,627	2,398	2,297	1,933	9,255
2013	2,628	1,632	2,213	1,206	7,679
2012	2,293	1,272	1,712	1,108	6,385
2011	1,674	1,159	1,535	896	5,264
2010	2,526	1,612	1,290	1,686	7,114
2009	3,777	1,838	1,933	1,655	9,203
2008	2,750	1,498	1,333	1,144	6,725
2007	1,876	1,424	1,250	823	5,373
2006	1,245	874	625	320	3,064

RESIDENTIAL & COMMERCIAL PERMITS

Fiscal Year	Residential Permits	Commercial Permits	Voided Permits	Total Permits
2014	730	348	0	1,078
2013	712	318	0	1,030
2012	651	341	0	992
2011	618	300	0	918
2010	655	276	0	931
2009	849	259	(5)	1,113
2008	778	305	(5)	1,078
2007	798	327	(15)	1,110
2006	650	331	(10)	971

For the fourth consecutive year, the chart above illustrates upward momentum for construction permit activity with a continued increase in permits and inspections. While there was a slight decrease in permit revenue fees for FY 2014, the Division has exceeded its anticipated revenue amount goal each of the last three years. The number of permits for residential and commercial properties increased. Even though the “Value of Construction” decreased last year compared with 2013 numbers, a significant contributing factor to the 2013 value was over \$37.5 million realized from Phase 1 of the Speedwell Redevelopment project (Modera 44). Overall, total permits were up last year by 4.7%. The Division, as required by the NJ Uniform Construction Code, waived approximately \$15,000 in total fees for permits issued to Morris County, the Town of Morristown and the Morris School District. If the Building Division does plan review for the Morris School District, eighty percent (80%) of the permit fees are waived; and, for the other two entities, 100% of the fees are waived. Regardless, all required plan review and inspection services were provided to ensure that safety and code requirements were strictly adhered to.

Similar to the previous year, FY 2014 was very positive with a significant number of milestone achievements (e.g., higher number of issued permits and inspections). The increased permit activities for the Building Division positively reflects on Morristown’s appeal based on the number of developers, businesses and homeowners that want to construct and/or make improvements to their properties.

The table below illustrates FY 2012 through FY 2014 comparisons of these key construction revenue indicators.

<i>Construction Revenue Comparison FY 2012- FY 2014</i>					
	FY 2012	FY 2013	FY 2014	Net Change from FY 2013	Percent Change from FY 2013
Number of Total Permits	992	1,030	1,078	48	4.7%
Value of Construction	\$28,317,675	\$65,888,568	\$46,227,514	(\$19,661,054)	(30.0%)
Total Fees Collected (Town's Share)	\$845,585	\$1,282,313	\$1,160,252	(\$122,061)	(9.50%)

Regarding the outlook for 2015, the immediate picture again looks positive with the following development projects currently in the pipe-line and scheduled for ground-breaking/application for construction permits this year:

- Morris Street/Ford Avenue Redevelopment Project
- Morristown Medical Center (Breast Center renovation; Cardiac Office Fit-up; CVIC Expansion; EP Lab - new equipment and shielding; Hospice Lab; Franklin 5 - Fit-up and expand Medical ICU; and Surgical Master Plan/Expansion)
- Epstein's Rehabilitation Area (Building "C")
- Speedwell Redevelopment - Phase 2
- Ridgedale Commons
- Bank & Market Street Redevelopment Area Project

In addition to general permit activity, CVS Pharmacy, Whole Foods and the Maple Avenue Townhouse projects remain under construction in FY 2015 and will necessitate increased inspection activities as each project nears completion. Therefore, to continue what was successfully launched in 2014, the Building Division will utilize "per diem" U.C.C. inspectors to supplement its current full-time staff. These "per diem" employees will also be utilized to assist in identifying and closing out open permits.

DIVISION OF HEALTH

As of January 2014, local public health services are provided in the Town of Morristown by the Morris County Office of Health Management. All services are provided under the direction of the Health Officer of Morris County Office of Health Management and Morristown's Director of Code Enforcement.

The mission of the Morris County Office of Health Management is to deliver equitable, comprehensive and superior public health services that ensure the protection, promotion and enhancement of the health, wellness and general welfare of the residents of, and all persons who work in or visit the Town of Morristown.

WHAT WE DO

The Division of Health is a leader in improving the health and well-being of the Morristown community. The Division is responsible for:

- ***Protecting you from health threats.*** It works to prevent disease outbreaks and makes sure the tap water you drink, the restaurant food you eat and the air you breathe are all safe. It is also ready to respond to any health emergency – be it bioterrorism, SARS, Ebola, West Nile Virus or an environmental hazard.
- ***Educating you and your neighbors about health issues.*** It gives you information about making healthy decisions, like exercising more, eating right, quitting smoking or simply washing your hands to keep you from spreading illness. During a public health emergency, the Division also provides important alerts and warnings to protect your health.
- ***Providing health solutions.*** It offers the preventive care you need to avoid disease and maintain your health. It provides flu shots for the elderly and helps mothers get prenatal care to give their babies a healthy start. Further, the Division helps provide children with regular check-ups, immunizations and good nutrition to help them grow and learn.
- ***Advancing community health.*** It takes part in developing new policies and standards that address existing and emerging challenges to our community's health while enforcing a range of laws to help keep you safe. It also works through research and staff training to maintain expertise and deliver up-to-date, cutting-edge health programs.

NOTEWORTHY ACCOMPLISHMENTS

The following is a list of noteworthy accomplishments achieved by the Division of Health:

1. As of May 2014, the Division had a backlog of 15 regulatory inspections from 2012. Not only were these inspections completed by the Registered Environmental Health Specialists (REHS), but all regulatory inspections consisting of the following were completed for 2014:

- Retail food
- Body art
- Recreational bathing
- Youth camps
- Pet shops

2. The REHSs' and Health Educator held a Sushi Hazard Analysis Critical Control Point (HACCP) class, which focused on the procedures and documentation requirements for establishments processing sushi. According to N.J.A.C. 8:24 - Sanitation in Retail Food Establishments and Food and Beverage Vending Machines, sushi is defined as a specialized process, which requires additional measures and documentation to ensure the food is properly prepared to prevent conditions that would permit pathogen growth. Attendees were given resources to assist in the preparation of their own HACCP plan.

3. The Health Educator held a train-the-trainer for the Kitchen Supervisor of the Market Street Mission, where food handlers were trained on food safety principles to reduce risk factors for food borne illness.

4. The Health Educator met with a community group to plan for the New Jersey Health Initiatives grant, which focuses on building a culture of health. The target area will be the 435 census tract in Morristown. This area consists of the following:

- 24.1% living in poverty;
- 39.2% of children living in poverty;
- 17.8% of families are living on less than \$10,000 per year,
- A median income of \$47,394 compared to \$71,673 in Morristown;
- 63.5% Hispanic, 32.4 percent non-caucasian; and
- 38.5% without health insurance.

The community groups included: St. Margaret's Church, Centro Bilblico, Zufall Health Center, Calvary Baptist Church, Morristown Medical Center, Family Success Center and the Neighborhood House/Cornerstone.

5. The Health Educator made arrangements with the Morristown Senior's group to offer quarterly presentations. The first presentation was by the Mental Health Association in New Jersey, Mental Health Players and provided interactive community education on realistic scenarios involving mental health issues.

6. Temporary food events present special challenges to local health authorities. Events take place either indoors or outdoors, and often have limited physical and sanitary facilities available. Due to this, temporary food establishments have been responsible for causing major food borne disease outbreaks due to improper temperature control, poor hygiene practices and inadequate food service facilities. Based on these reasons, the Division of Health developed two guidance packets for Special Event Organizers and Food Vendors to provide more instruction and specific regulations that govern these events.

7. The Animal Control Office licensed 570 animals in 2014, which is a 13.5% increase from 2013. The Division of Health continues to fund and offer a free rabies clinic to residents annually that resulted in 163 animals vaccinated in 2014. Additionally, this clinic also allowed residents to obtain a micro-chip, at a cost of \$25 per animal; 12 animals were micro-chipped. The Animal Control Office received approximately 120 complaints concerning domestic animals or wildlife.

8. The Division of Health's part-time Public Health Nurse offered, at no charge, senior citizen and employee flu vaccines. Flu vaccines were offered to the adult population from September through December. The Public Health Nurse held three flu clinics at the Morristown Fire Bureau , as well as offered appointments and accommodated walk-in requests. Costs were contained by submitting and obtaining reimbursement from Medicare. On a monthly basis, the Public Health Nurse offered blood pressure screenings to residents.

RESPONSIBILITIES

Under State statute, all municipalities in New Jersey are required to provide public health services administered through a health department (a local health department, county health department, or regional health commission).

The programs and services provided by local health departments in New Jersey are set in a state regulation called the N.J. Public Health Practice Standards of Performance for Local Boards of Health (N.J.A.C. 8:52).

Services provided to the Town by the Morris County Office of Health Management include:

- Administrative Services
- Environmental Health
- Communicable Disease Control
- Public Health Nursing Supervision
- Health Education & Promotion
- Rabies & Zoonotic Disease Control

The following charts provide a description of Health Division programmatic services along with statistics for all activities performed during calendar year 2014.

ENVIRONMENTAL HEALTH SERVICES

The Environmental Health Program is responsible for protecting and promoting the public’s health through the provision of various inspection, educational, regulatory and enforcement services.

Specifically, the Environmental Health Program is responsible for:

- Enforcing state and local public health regulations;
- Investigating reports of food borne illness;
- Conducting unannounced and routine inspections at all places that sell or serve food or beverages to the public including restaurants, luncheonettes, grocery stores, supermarkets, cafeterias, bars/taverns, convenience stores, delicatessens, and mobile food establishments (catering trucks, ice cream trucks, etc.);
- Inspecting food, snack or beverage vending machines;
- Inspecting pet shops;
- Investigating public health nuisance complaints;
- Performing childhood lead poisoning investigations;
- Inspecting youth camps and public swimming pools;
- Providing food handling training courses; and
- Reviewing and approving plans for various establishments requiring licensure.

Food Establishment Activities*	
Total Number of Food Establishments Regulated (Excluding Temporary Events)	222
Total Number of Food Establishment Routine Inspections Conducted	174
Total Number of Food Establishments Re-inspected**	54
Total Number of Temporary Food Event Inspections	43
Total Number of Food Establishment Floor Plans & Specifications Reviewed***	44
Total Number of Food Establishments Pre-Operational Inspections Conducted****	21
Total Number of Complaints at Food Establishments Investigated	28

* Data was only available from May through December 2014.

** Re-inspections are performed when violations requiring correction are observed during an initial inspection. All inspections are conducted on an unannounced basis. If gross unsanitary conditions or hazardous conditions that pose a threat to the public’s health are observed during an inspection, the establishment’s license is revoked.

***These reviews are of floor plans and specifications for new or existing food establishments undergoing renovation. State law requires food establishments to provide floor plans and specifications to the local health department for review prior to undergoing any planned renovations or construction. Some establishments were required to resubmit floor plans and specifications depending on the initial review.

****Anytime floor plans and specifications are required, a pre-operational inspection is required prior to opening.

Non-Food Establishment Complaint Investigations	
Total Number of Public Health Nuisance Complaints Investigated ****	5

****Public health nuisance complaints include: vermin (insects or rodents); unsanitary conditions on properties; noxious or overgrown weeds; odors; garbage; improper disposal of sewage; or other public health law violations.

Recreational Bathing Facility Activities	
Total Number of Public Recreational Bathing Facilities Regulated	8
Total Number of Public Recreational Bathing Facilities Routine Inspections Conducted	8
Total Number of Public Recreational Bathing Facilities Re-inspected	6

Activities Pertaining to Body Art, Pet Shops, Youth Camps	
Total Number of Body Art Facilities Regulated	2
Total Number of Body Art Facilities Routine Inspections Conducted	2
Total Number of Pet Shop Facilities Regulated	1
Total Number of Pet Shop Facilities Routine Inspections Conducted	1
Total Number of Youth Camps Regulated*****	3
Total Number of Youth Camp Routine Inspections Conducted	3
Total Number of Youth Camp Re-inspections	2

*****Youth Camps are licensed by the New Jersey Department of Health. NJDOH requires all local Health Departments to conduct a pre-operational inspection of youth camps at the start of the youth camp season (June – August). All results of the inspections are forwarded to NJDOH.

PUBLIC HEALTH NURSING SERVICES

The Public Health Nursing Program is responsible for protecting and promoting the public’s health through the provision of nursing interventions aimed at preventing chronic disease, promoting positive maternal and child health outcomes, preventing the spread of communicable diseases and assisting residents in obtaining health and social services resources.

Specifically, the Public Health Program is responsible for:

- Providing guidance and recommendations to school nurses regarding pupil health matters;
- Conducting audits at schools, day care centers, and pre-schools to ensure children are properly immunized;
- Performing communicable disease investigations and implementing control measures to prevent the spread of disease;
- Providing nursing consultations and education to residents related to various health matters;

- Providing influenza immunizations to older adults and persons who may be at risk for influenza infection;
- Performing cardiovascular disease and diabetes risk assessments/screenings; and
- Providing referrals for social and medical services.

Adult Health Services*	
Total Number of Influenza Immunizations Administered	154
Total Number of Hypertension Screenings	93
Total Number of Nursing Consults with Residents	3

School Health Services*	
Total Number of Immunization Audits Performed	8

*Data was only available from April through December 2014.

Communicable Disease Control	
Total Number of Communicable Disease Cases Investigated	119
Total Number of Communicable Disease Cases Requiring Additional Follow-up	88

ANIMAL CONTROL SERVICES

The Animal Control Office is responsible for rabies prevention efforts and through various activities including:

- Providing rabies clinics for dogs and cats on an annual basis;
- Ensuring and enforcing all cats and dogs in the Town are licensed;
- Investigating injuries to humans or other animals resulting from domestic animals or wildlife;
- Investigating complaints pertaining to nuisances resulting from domestic animals;
- Providing education as to responsible pet ownership, rabies prevention, and the need for spaying and neutering of pets;
- Providing education and enforcing regulations pertaining to stray animals;
- Performing a biannual pet census;
- Responding to calls and complaints from the public concerning lost domestic animals; and
- Investigating complaints pertaining to animal cruelty.

DIVISION OF PROPERTY MAINTENANCE

The Property Maintenance Division focuses on enforcing the property maintenance requirements and related provisions of the Town of Morristown Code. The Code is set up to ensure that homeowners, renters, business owners and visitors to the town are protected from potential health and safety risks in addition to maintaining Morristown’s aesthetic integrity. This is accomplished through proactive inspections, prompt action on complaints followed up with accurate information and communication with the residents, landlords and business owners of Morristown.

Staff is responsible for responding to complaints or inquiries regarding violations of occupancy standards, multiple dwelling, overcrowding, systemic area vacant structures – lots, ground surface hazards, emergency management, lead asbestos, infestation, overgrowth, winterization (snow & ice removal), and public nuisances such as sidewalk debris, trash storage and disposal. Inspectors must quickly respond to complaints as well as identify and initiate cases based on systematic inspections throughout the Town.

In addition to code violation inspections, town property maintenance inspectors conduct prompt Certificate of Habitability inspections for each property transfer (rental or purchase) to ensure safe housing while guarding against overcrowding. Further, property maintenance inspectors work closely with homeowners to address maintenance issues to foster cooperation that allows for immediate abatement of code violations to preserve neighborhood quality of life.

Morristown is comprised of over 4,300 properties, with 400 plus businesses that include approximately 200 restaurants and at least 3,300 residential rental units. The Division is effectively utilizing its 4 full time certified Housing and Property Maintenance inspectors with daily scheduled and unscheduled inspections that include evening and weekend hours to ensure compliance with Town Codes.

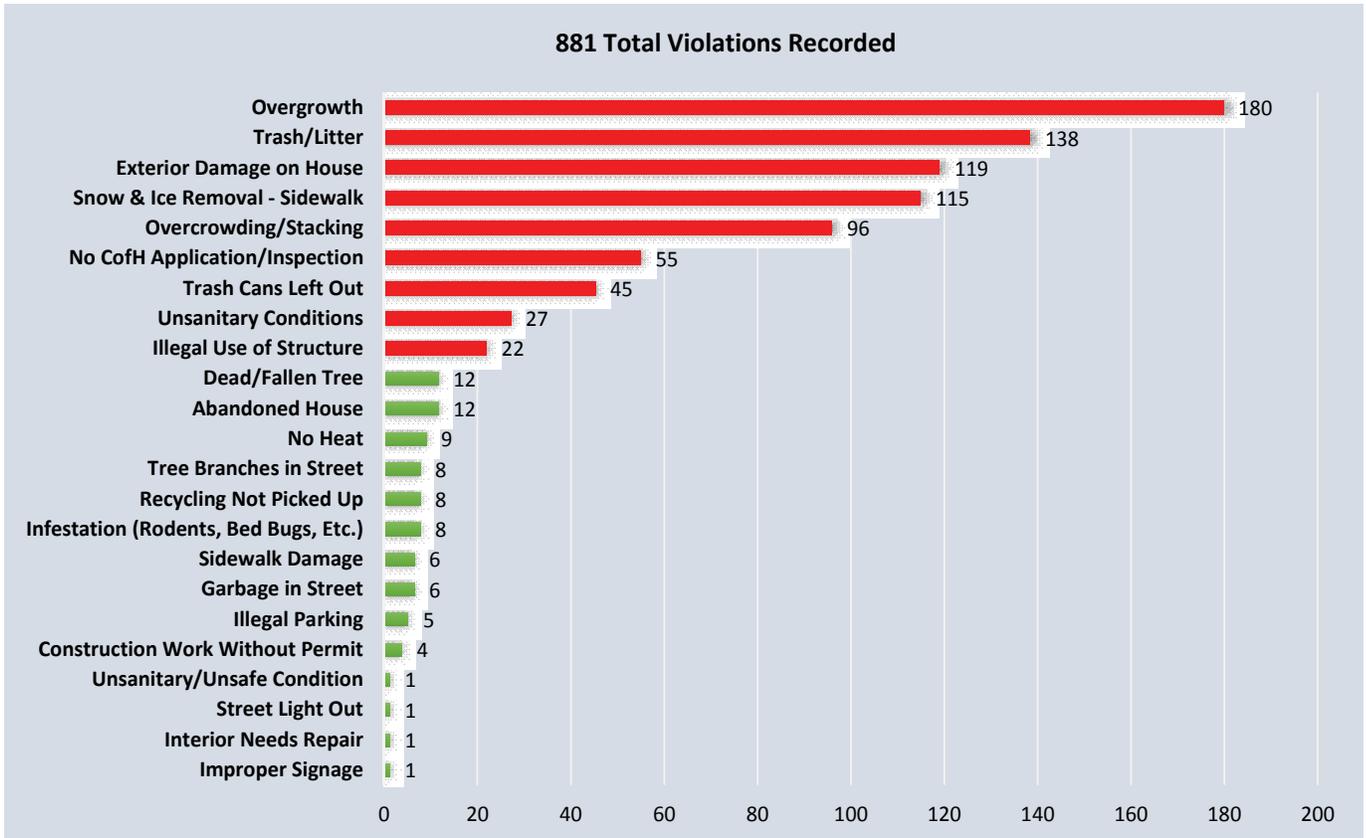
In July 2014, the Division of Housing and Property Maintenance began utilizing a new GIS web-based data platform that have enabled it to begin tracking inspections, specific to type (following up on a complaint, walk around, CH) and violations specific to type, time, location, source of complaint and outcomes.

The data tracking has allowed for identification of:

- Town streets with number of violations;
- Which type of violations have greatest number of occurrences; and
- Complaint source.

From July of 2014 through December 2014, the Division investigated 428 distinct complaints. Data from the first two points led to an increased inspections in these areas with an increased focus on looking for the more prevalent violations. Data from the charts below clearly illustrate the top 9 Types of Violations, which represents 91% of total violations found in 2014.

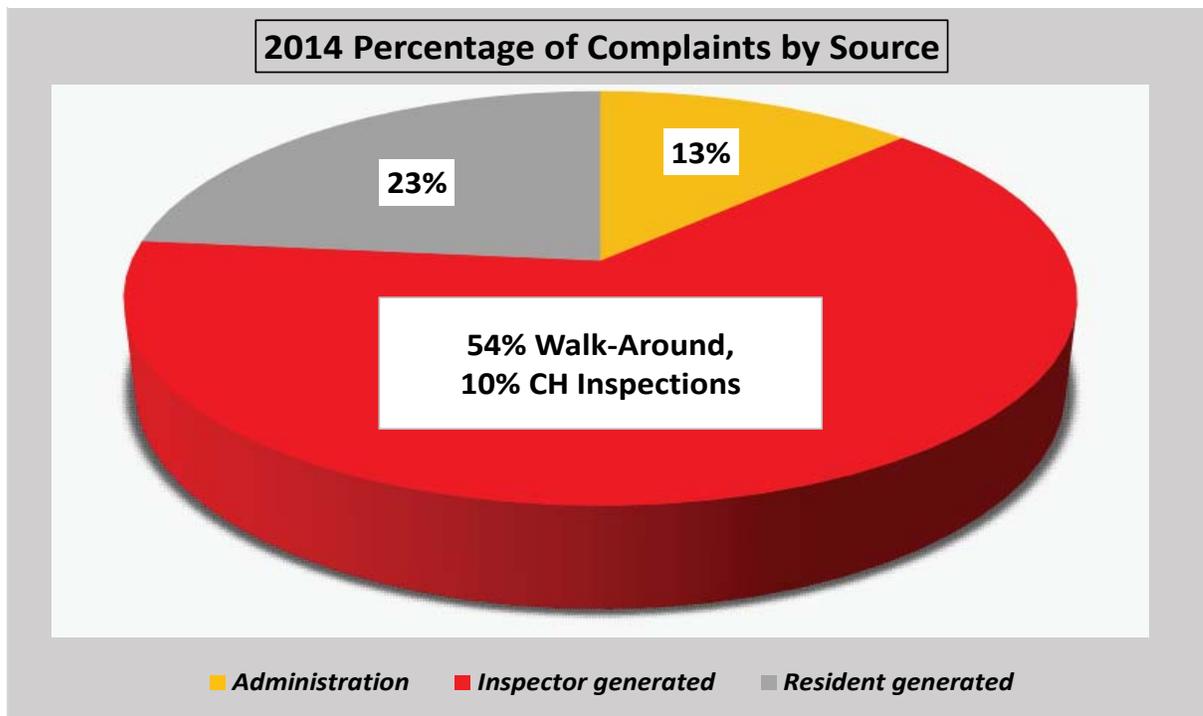
2014 Violation Count by Type



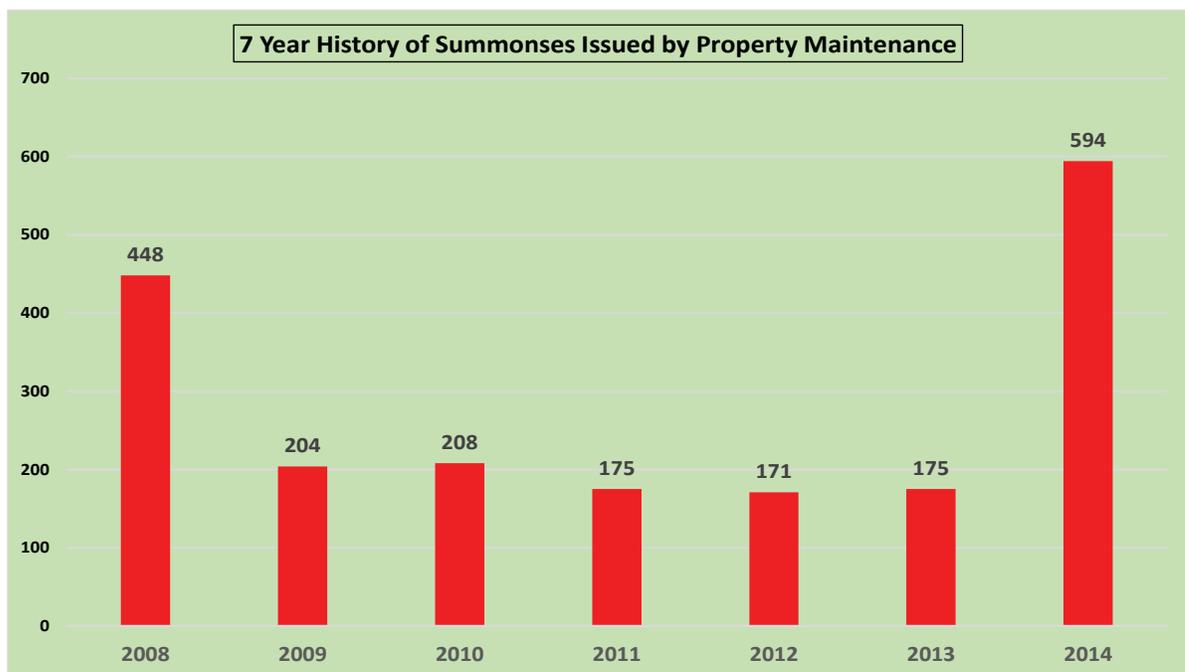
Data from the source of the complaint is a Key Performance Indicator (KPI). The graph below shows, by percentage, the complaint origin:

- 13% were initiated through the Mayor, Council Members and the Business Administrator;
- 23% were initiated from residents either by call-in, web-based system, or walk-in;
- 64% were initiated by inspectors;
- 54% by walk around inspections; and
- 10% through Certificate of Habitability inspections.

Since the creation of the Department of Code Enforcement in 2013, the Division of Property Maintenance has taken a more proactive approach for carrying out its functional purpose. Instead of operating re-actively to complaints, Property Maintenance inspectors daily canvass the Town and initiate compliance procedures such as issuing door hangers, notice of violations and summonses. The pie chart below depicts the Division’s modified approach to compliance through daily canvassing that has led to a greater percentage of violations from Town inspector generated actions.



The increased focus on the more non-compliant areas of Town, coupled with an emphasis on increased inspector walk-around inspections, have resulted in a 240% increase in property maintenance summonses issued in 2014 than the previous year. The graph below clearly illustrates such:



The Division's 2015 priorities are as follows:

- Make CH applications available to be completed, paid for and submitted on-line;
- Working with the Zoning Division, streamline zoning permit applications for property transfers;
- Working with the Rent Leveling Division, streamline rent registration process;
- Increase and utilize data tracking to develop and report on KPI's including:
 - o Track walk around inspections that do not result in violations;
 - o Individual Inspector KPI's; and
 - o Analytics that lead to better goal setting and tracking.

DIVISION OF RENT LEVELING

Rent Leveling protects tenants in privately-owned residential properties from excessive rent increases by mandating reasonable and gradual rent increases while, at the same time, ensuring that landlords receive a fair return on their investment. In 2014, the Division resolved all rental disputes through local negotiations and without any legal intervention.

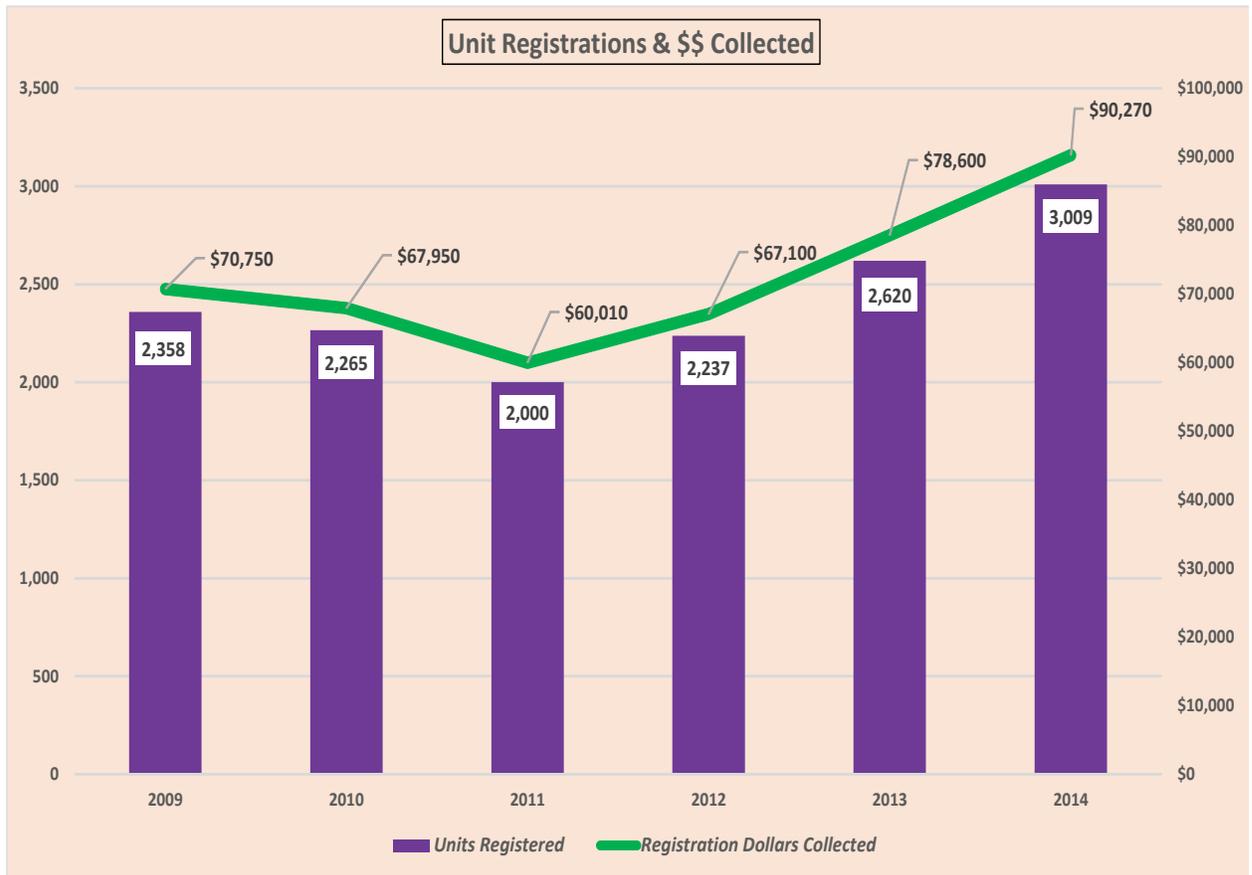
Additionally, the Rent Leveling Division provides Morristown residents with information regarding fair housing and tenancy rights. The Division will continue its efforts to improve procedural operations and data management in addition to increasing efficiency of rent registrations and tracking within the Department of Code Enforcement's software platform.

In 2014, the Division continued its progress in identifying additional units required to register according to the Town's Rent Leveling code. In 2013, there was an increase of \$11,500 over 2012; in 2014, the increase grew an additional \$11,670 over 2013 fees collected.

2015 priorities are as follows:

- Availability of Rent Registration to be completed, paid for and submitted on-line;
- Working with the Division of Housing & Property Maintenance, streamline Rent Leveling registration; and
- Review of all residential properties for rent registration requirements.

Below are some Division statistics over the last 6 years:



DIVISION OF ZONING

The Division of Zoning is responsible for providing zoning enforcement, supporting both Land Use Boards, processing zoning permits and disseminating information regarding applicable Town code sections to the general public. In many instances, it is the office of first contact as zoning approvals are needed for many activities undertaken throughout the Town. By having an open door policy, the Division is able to meet with the public to discuss questions, concerns, applications, and any other matter handled by this office. This operational approach cultivates a more educated public about understanding zoning code and provides guidance through the land use process.

In 2015, the Zoning Division will continue to:

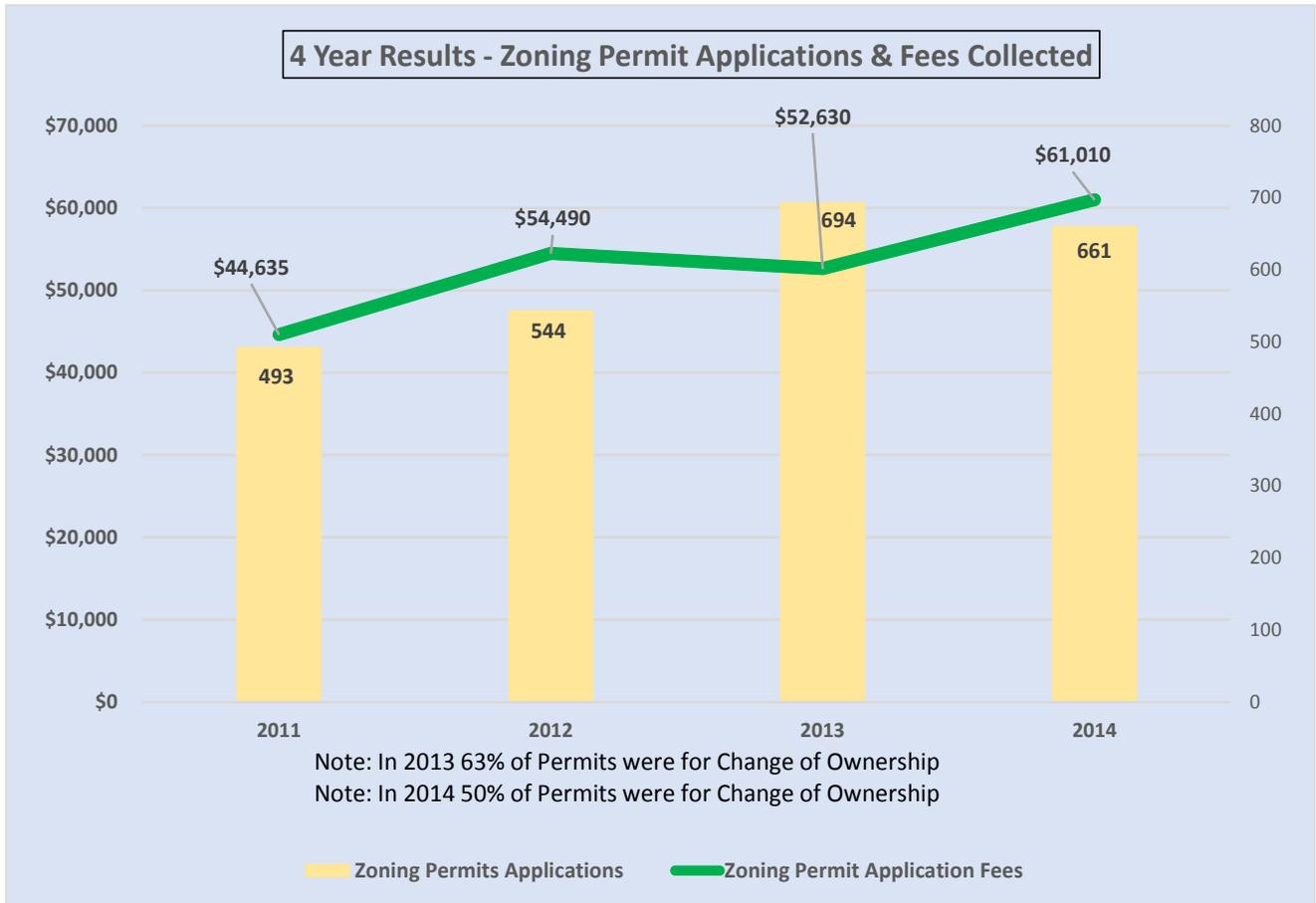
- Provide excellent customer service in a professional environment;
- Vigorously enforce the Town Zoning Code;
- Utilize technology to improve data collection and document inspections;
- Disseminate useful information to other Departments and Divisions; and
- Seek out cost saving opportunities.

Additional priorities for this year include:

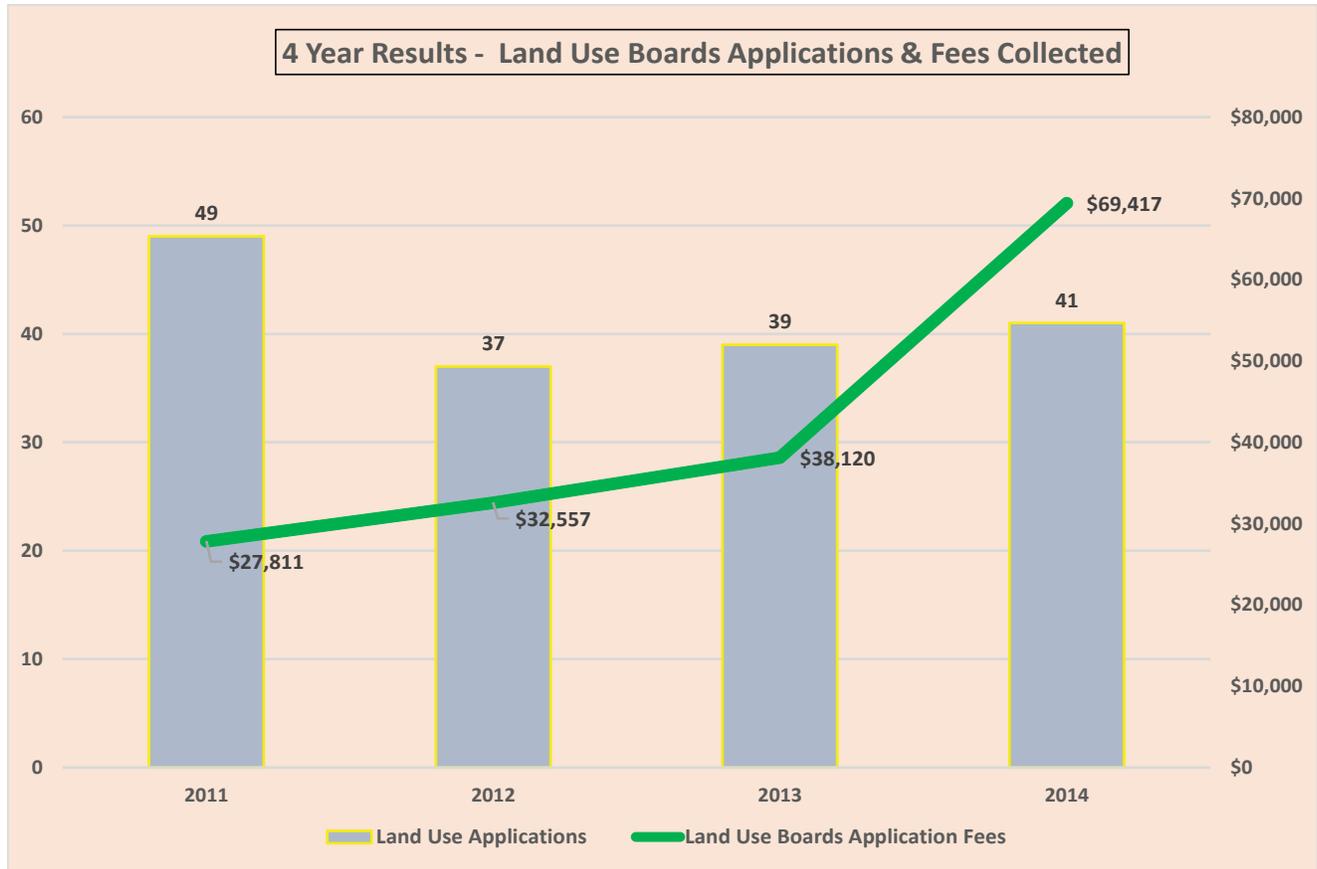
- Make Zoning Applications available to be completed, paid for and submitted on-line;
- Working with the Division of Housing & Property Maintenance, streamline property transfer zoning applications;
- Assist the Planning Division with implementing the new Master Plan.

The Division will continue to implement more efficient operational procedures and, in conjunction with the Building and Construction Divisions, foster the continuing economic improvement of Morristown.

The following are Division statistics over the last 4 years:



ZONING PERMITS				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
APPLICATIONS	493	544	694	661
FEES	\$44,635	\$54,490	\$52,630	\$61,010



LAND USE BOARDS (Planning & Zoning)				
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
APPLICATIONS	49	37	39	41
FEES	\$27,811	\$32,557	\$38,120	\$69,417

DEPARTMENT OF PUBLIC WORKS

The Department of Public Works provides:

- Oversight and customer service for residential garbage and recycling collection performed by private contractor Blue Diamond Disposal.
- Field and park maintenance at 14 recreation sites.
- Street sweeping of major roads every night and residential streets once every two weeks during the day.
- Snow plowing, removal and salting of 30 miles of Town streets; and sidewalk shoveling at numerous locations and crosswalks across Town.
- Maintenance of streets and sidewalks, such as pothole filling, repair and cleaning of catch basins and storm drains, and sidewalk repair.

- Collection of appliances, small metal, tires and batteries from residents six (6) times a year.
- Maintenance of municipal buildings and grounds at various locations.
- Municipal tree maintenance and removal.
- Traffic signal maintenance, sign installation and striping.
- Setup and clean-up for Town special events, such as the First Night, St. Patrick's Day parade and the Fall Festival.
- Vehicle and equipment maintenance for the Town's municipal fleet.

DIVISION OF ENGINEERING

The Engineering Division, among other responsibilities, designs and inspects construction of municipal capital projects, administers the soil disturbance ordinance and issues permits, programs and places traffic counters at various street locations, assists the Tax Collector's office in reconciling sewer billing accounts and oversees the Town's Clean Communities program.

Capital Projects completed in 2014, under the design, and construction supervision of the Engineering Division, are as follows:

- Milling and Resurfacing of 2.6 miles of roads
- Repair of Roof at Speedwell Dam Gatehouse
- Completion of New DPW Garage and Offices
- Drainage Repairs on Ames Road
- Installation of Speed Humps on Cobb Place and Phoenix Avenue
- Speedwell Avenue Streetscape (Flagler Street and Vail Place)
- Resurfacing of Wading Pool at Burnham
- Crack Sealing, Traffic Striping and Sewer Repairs on Various Streets
- Tree Planting - Phases 1 and 2
- Curb Sidewalk and Drainage Repair Various Streets
- Intersection Realignments and Traffic Calming along Ford Avenue
- South Street Streetscape Phase IV

DIVISION OF PLANNING

In 2014, the Morristown Planning Division continued to enhance the Town's planning capacity by leveraging resources, creating effective public-private-partnerships, and developing collaborative relationships with community stakeholders. As a result, the Planning Division, under the leadership of the Mayor and at the direction of the Office of Administration, served the long-term goals and objectives of the municipality. The following list includes the Planning Division's most noteworthy accomplishments:

1. *Adoption of the 2014 Master Plan:* The Planning Division lead the process to build consensus through direct engagement. The Division hosted several meetings with different constituent groups and neighborhoods that had an interest in the new Master Plan. The Master Plan was revised to reflect community feedback and accommodate certain concerns. Thereafter, the Planning Division worked with the Planning Board to undertake the statutorily required public hearing process. The Plan was unanimously adopted by the Planning Board on March 31, 2014.

2. Form Based Code: One of the Master Plan's most significant recommendations was to overhaul the Town's zoning code in a way that would result in the type of development citizens wanted to see and would prevent the type of development that was considered to be negative. The Planning Division identified a local expert in the field of Form-Based Zoning. It is anticipated that the code will be adopted in Summer/Fall 2015.
3. Affordable Housing Implementation: The Division continues to advance the Town's affordable housing efforts in the context of the State's Council on Affordable Housing. The Division coordinated with the Administration Department, and the Zoning and Building Divisions to standardize the collection of Development Fees for the Town's Affordable Housing Trust Fund. The Division continued to comply with changing regulations imposed upon Affordable Housing Trust Funds. Lastly, it also prepared and released a Notice of Funding Availability for affordable housing funds in Fall 2014.
4. Redevelopment Planning & Management: The Town continued to advance various redevelopment initiatives. To this end, the Planning Division prepared amendments to the Epstein's Rehabilitation Plan. In addition, the Planning Division worked hand-in-hand with the Town's Department of Law and Special Redevelopment Counsel to support litigation efforts and contract negotiations to advance Speedwell Redevelopment, implementation of the CVS project, and the sale of the Town's interest in the Headquarters Plaza complex. The Division also continued to investigate solutions to the complex challenges associated with redevelopment of the "Old Lumberyard" and parcel behind the Morristown Train Station.
5. Grants: In 2014, the Planning Division worked closely with the Town's new grant writing consultants, Millennium Strategies. To this end, the Division worked with Millennium and local non-profit Grow it Green Morristown to successfully apply for a grant that will fund improvements to the Early Street Community Garden. Moreover, the Division supported the Department of Administration to obtain land acquisition funding from the Morris County Flood Mitigation Program. Finally, the Division supported the Morris County Parks Commission in applying for a grant from the New Jersey Department of Transportation that would fund improvements required to re-open the segment of the Patriot's Path between Speedwell Avenue and Martin Luther King Avenue.
6. Sustainable Jersey: The Planning Division worked with the Sustainable Morristown non-profit group to regain the Town's "Sustainable Jersey" certification at bronze level. The Planning Division prepared numerous application materials and advanced certain policy initiatives, such as a new Green Building Checklist for the Town's land use boards, that ultimately served as the basis of re-certification.
7. Special Projects: The Planning Division also completed certain smaller, more focused project in 2014. These special projects include initiation of a streetscape redesign for Martin Luther King Avenue in collaboration with urban design firm Arterials. Additionally, it worked with the Together North Jersey Initiative to investigate opportunities for "parklets" in the downtown. Finally, the Division worked with the New Jersey Department of Transportation and the Town's Engineering Division to implement "Share the Road" bicycle striping and signage along certain state roadways.

In 2015, the Planning Division will continue to work in collaboration with the Mayor, Administration, Governing Body and community at large to advance the following goals and initiatives:

- Form Based Code: Finalize a state of the art "Form Based Code" tailored to the challenges and opportunities present in Morristown. The code will ensure future development in Morristown advanced the sustainable,

context-sensitive policy goals contained in the Community Form and Plans for Places chapters of the 2014 Master Plan.

- *Redevelopment Planning:* Collaborate with developers to evaluate and advance worthwhile redevelopment projects. In particular, the Planning Division will work to advance the next phases of the Speedwell Redevelopment Area and the Old Lumberyard Site at Elm and Morris Street. The Planning Division will also work to identify opportunities for transit-oriented development at Morristown Station.
- *Inter-Agency Coordination:* Continue to work with outside agencies to achieve the Town's goals. Specifically the Planning Division intends to continue conversations with the New Jersey Department of Transportation regarding implementation of traffic studies and improvements at key locations such as South Street, the Morristown Green and Speedwell Avenue. Furthermore, it will work with New Jersey Transit to advance enhancements to the appearance, functionality of Morristown Station and the development of potential surrounding lands.
- *Affordable Housing:* Work with the New Jersey Department of Affordable Housing to obtain approval of the Town's Affordable Housing Trust Fund Spending Plan and implement programs to put the Trust Fund to work.
- *Grant Writing:* Focus on grants relating to historic preservation as well as flood resiliency and erosion control for the lands around the Whippany River. In addition, the Planning Division will seek funding for mobility studies to enhance safety and accessibility around Morristown Station and the Town Green.

DIVISION OF RECREATION

In 2014, the Recreation Division's two main technology interfaces, Community Pass Online Registration and Facebook, have enabled greater access to services and improved communications between the Division and the public. The Community Pass system allows customers to register for programs from home and receive alerts when programs begin. The Recreation Division's Facebook page provides it the capability to communicate "up to the minute" information to residents including program cancellations due to weather, new activity information and photos of recent events. Residents have been viewing the Facebook page with increasing frequency and "Like" us more each month.

In addition to maintaining all existing programs including travel basketball, in-Town recreation basketball, karate, tee ball, soccer clinics, tennis lessons, summer playgrounds, after-school classes, evening yoga, and the annual Easter Egg Hunt and Halloween Celebration, the Recreation Division is poised to improve services in 2015. Service improvements include extending pool hours at Burnham Pool and adding more activities to the summer calendar when kids are out of school. Programs such as the Summer Playgrounds will see enhancements through new games, field trips and daily experiences.

CLEAN COMMUNITIES PROGRAM

The Clean Communities Program held two volunteer Town clean-ups during 2014. The annual Spring Clean-Up was held on April 26th. 175 community volunteers collected over 2.5 tons of trash and recyclables. Our second clean-up of the year was held on September 27th and was titled "Parks and Ponds Day". The focus was placed on Morristown parks and water- ways, including Speedwell Lake, Burnham Park ponds, Footes

Pond and the Whippany River. Clean Communities also held an environmental fair and a volunteer cookout as part of the Parks and ponds event. Ninety-three members of the community along with 11 water and environmental agencies participated. The total tonnage collected was over one ton (2,040 lbs.).

The Program Coordinator provided two educational programs to students at Alexander Hamilton School dealing with non-point water pollution and storm drain protection.

Clean Communities continues to offer the Adopt-A-Spot program with 9 volunteer groups participating. Groups were required to check their assigned Town spots monthly and provide litter pick-ups as necessary. Two groups also provided seasonal plantings to their spots at no cost to Morristown taxpayers.

Public trash and recycling receptacles were inspected by the coordinator approximately every four months to determine usage and condition. A survey of over 100 receptacles in the Central Business District was performed by the coordinator in July. Through its grant funding, Clean Communities purchased 6 new cans and 12 replacement liners for a total of \$3,499.

Clean Communities coordinated a storm drain labeling program in the fourth ward with volunteers from Teen Pride and Morristown Kiwanis in keeping with DEP regulations. This will continue in other Town wards during 2015 in order to cover additional drains in need of repainting.

Lastly, the Clean Communities Coordinator attended the NJ State Clean Communities conference in May and attended 2 Morris County Recycling and Clean Communities meetings.

SEWER UTILITY (WASTE WATER TREATMENT PLANT)

Since its installation in 2009, the Town's municipally-owned solar energy project has reduced its electricity costs by approximately \$480,000, or \$80,000 per year. Moreover, Solar Renewable Energy Certificates ("SREC's") generated by this project has been a mechanism to realize over \$1.25 million in additional revenues to the Sewer Utility. In FY 2014, this project produced 628 SRECs during the calendar year. The Town sold 583 SRECs in an open market/auction forum last year generating a total of \$109,511 in revenues. In June 2014, the Town sold 161 SRECs generated during the period November 2013 through April 2014, at \$176.03 per SREC for a total \$28,340.83. Then, in December, a second SREC sale of 422 SREC's secured an average per SREC price of \$192.35, for a total of \$81,170.

Sewer Utility capital projects planned this year, totaling \$670,000, are as follows:

- **\$250,000 for Sanitary Sewer Repairs** - The Town's ongoing TV inspection of sanitary sewers identified sewer mains in need of repair. Priority will be given to streets that need to be paved in the near future and know problem areas. Funding for these repairs will reduce or eliminate the need for call-outs to deal with emergent sewer blockages or repairs.
- **\$250,000 for Influent Submersible Pumps** – New submersible pumps will replace 20-year old screw pumps to handle influent. The new pumps will be more reliable and energy efficient than the current pumps and ensure that the sewage plant can accept high rates of inflow during storms.

- **\$170,000 for Activated Sludge Reduction Project** – Completion of aerobic sludge digestion and thickening system including electrical, mechanical, controls, SCADA, and pumps will result in 40% reduction in sludge. Sludge trucking and disposal costs are estimated to decrease by over \$100,000 per year.

CAPITAL IMPROVEMENT BUDGET

The total amount of capital improvement financing requested this year is \$2,786,600, which includes \$250,000 allocated in the Operating Budget to replenish the Capital Improvement Fund - \$150,000 for down payment monies (5% of total capital monies borrowed) to finance the capital improvement items listed below, and \$100,000 allocated for new computer/communication hardware and software programs. The following summarizes the other \$2,536,000 of proposed improvements in the capital budget:

- **\$1,825,000 for Town Road Projects:** The Town must allocate funds toward this pivotal work to maintain and repair our roads. The type of work to be conducted is milling and resurfacing, crack sealing, curb, sidewalk and drainage on various streets in the Town's 30 mile road network as well as streetscape work on State and County roads. This year, the Town Administration plans to complete its Martin Luther King Avenue corridor improvement study and requests \$150,000 in anticipation of proposed project costs. In addition to the above funds, Morristown has received State Aid in the amounts of \$220,000 (Phase 1) and \$250,000 (Phase 2) for improvements to the Washington Street Streetscape. Finally, to advance efforts of replenishing our community's tree canopy, the Administration requests \$40,000 to fund acquisition and planting of trees as well as fund its certified arborist consultant who assists the Town in complying and implementing its Community Forestry Management Plan.
- **\$332,000 for DPW/UCC/Fire equipment:** The DPW plans to purchase a new street sweeper, compactors for recyclables at Lake Road and a pickup truck. Additional monies will be used to purchase three sport utility vehicles for the Building and Construction Division (2) and Fire Bureau.
- **\$265,000 for Improvements to George Gramby Park and Burnham Pool:** The proposed improvements to Gramby Park include a soccer field, new baseball backstop and a new playground, which the Town has applied for \$80,000 of CBDG monies to provide for additional improvement funds. At Burnham Pool, the Town Administration plans to purchase a new wading pool cover, shade structure, robotic pool vacuum, and improve the playground on site.
- **\$250,000 for Joint Morristown/Morris Township Library:** Capital project funding request to reconstruct exterior stone masonry on 1987 Library Wing. The amount will fund 25% of total estimated construction costs for this project.
- **\$114,600 for improvements at Town Hall and Speedwell Firehouse:** These improvements include refurbishing Town Hall restrooms, HVAC upgrades, garage doors at firehouse, masonry repairs at Town Hall, and refinish firehouse bay floor.