

**MTRAC
RECOMMENDATION
#8**

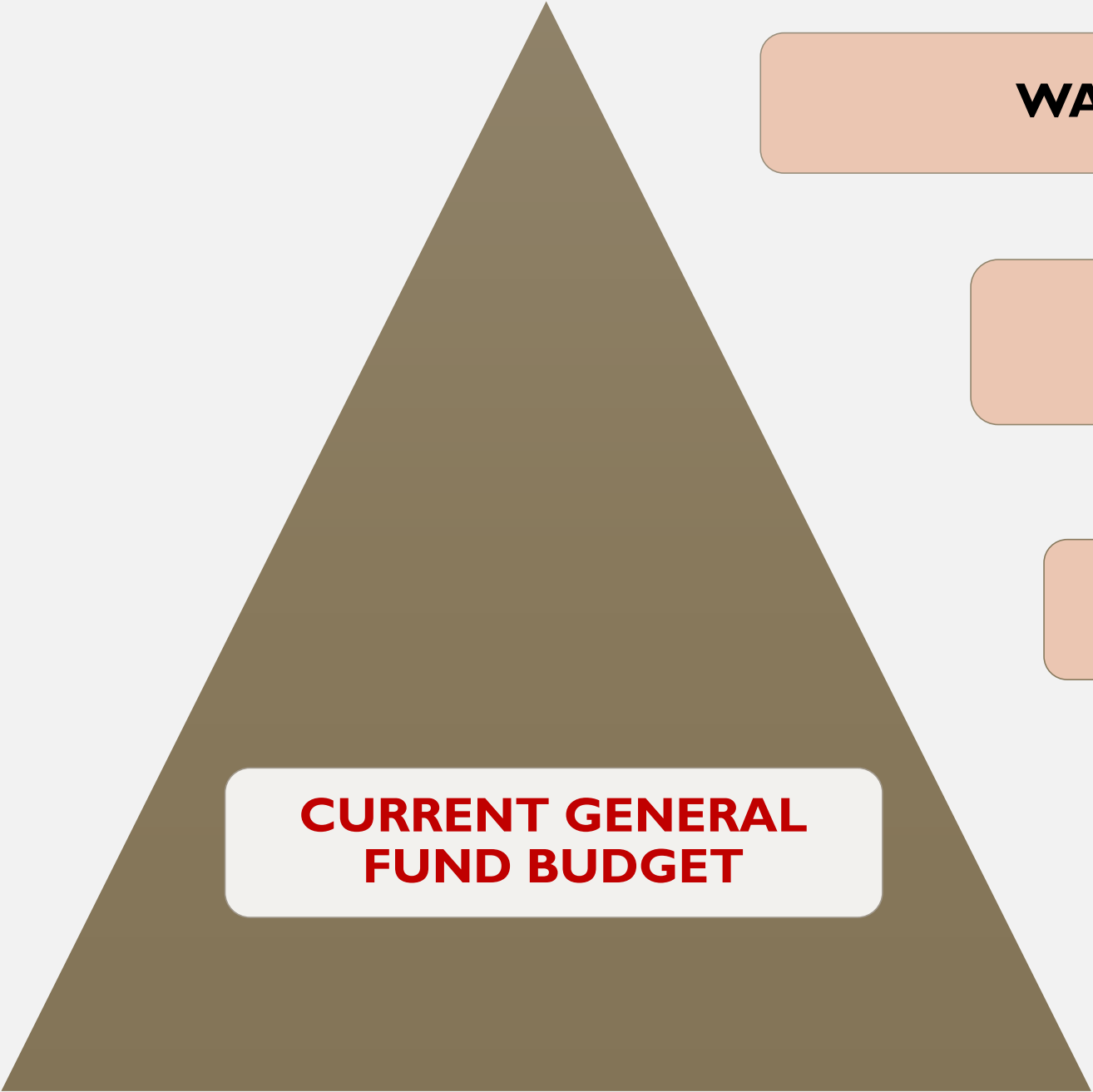
UTILITY COST RECOVERY

The City of Cape May should identify any and all services rendered to its Utilities by its Current Fund Budget.

Utilities should then reimburse the Current Fund for the cost of these services, using their own dedicated revenue sources to support the reimbursement.

BUDGET

- **Macro level**
- **Details**



WATER & SEWER

TOURISM

BEACH

UTILITY

- SPECIFIC SERVICES
- SPECIFIC USERS
- SEPARATE BUDGET
- DEDICATED REVENUES
- **RELIEVE THE FISCAL BURDEN ON THE GENERAL FUND, AND THE PROPERTY TAX BASE THAT SUPPORTS THAT FUND.**

§ 158-4

BEACH UTILITY FUND

- 2005
- Regulating, maintaining, and controlling the beachfront and other areas such as the promenade, the dunes, and the waters adjacent thereto.
- All operating and capital expenditures properly attributable to the beachfront operations.
- Under the supervision and control of the Department of Finance.

§ 10-125

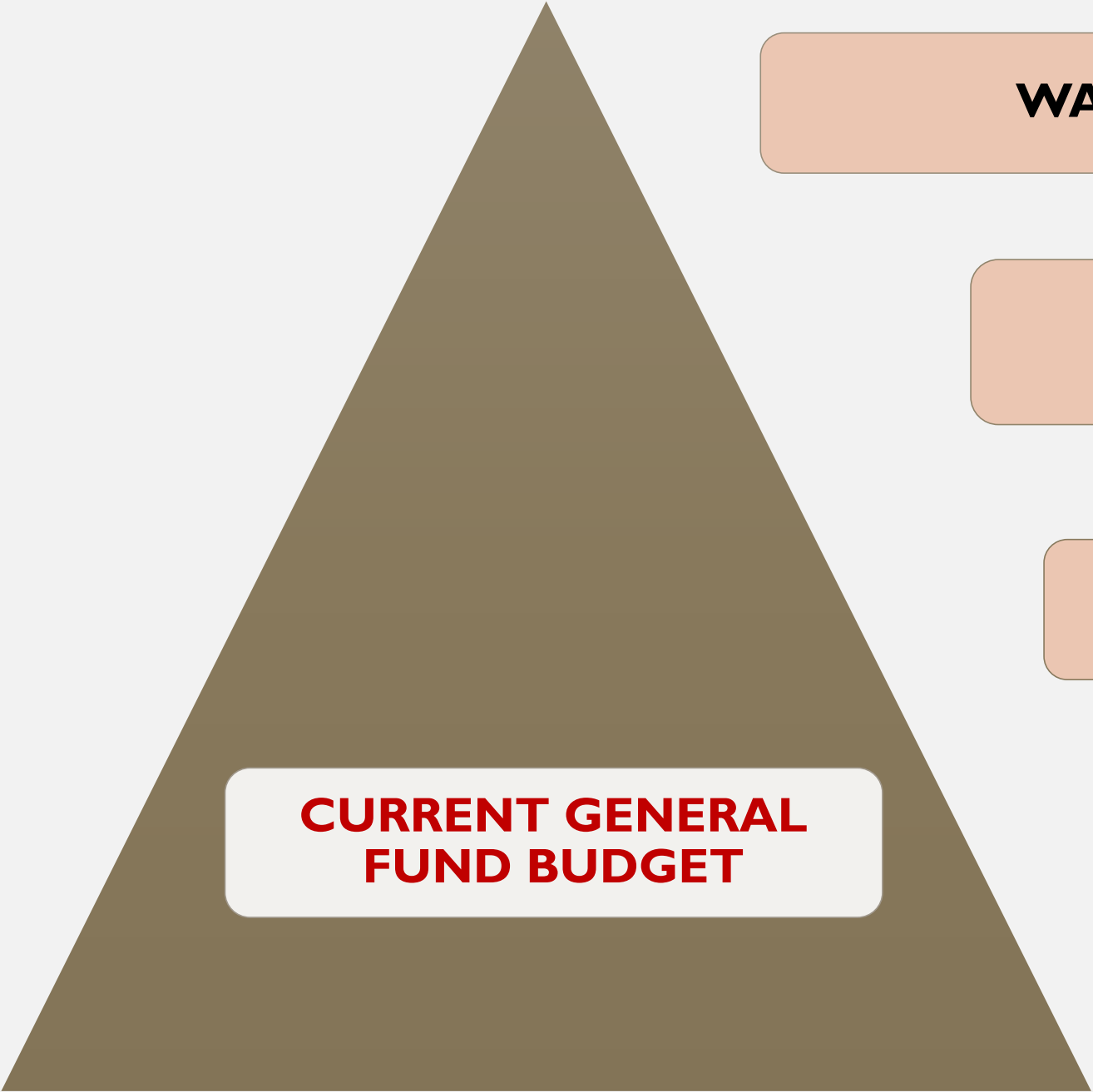
TOURISM UTILITY

- 2012 Self Liquidating
- Account and budget for the management and operation of:
 - Convention Hall
 - All the activities and events provided through the City's Department of Tourism, Civic Affairs and Recreation
 - Debt service on the \$10 million bond, where possible.
 - Under the supervision and control of the City Manager.

§ 10-65

DEPARTMENT OF WATER AND SEWER.

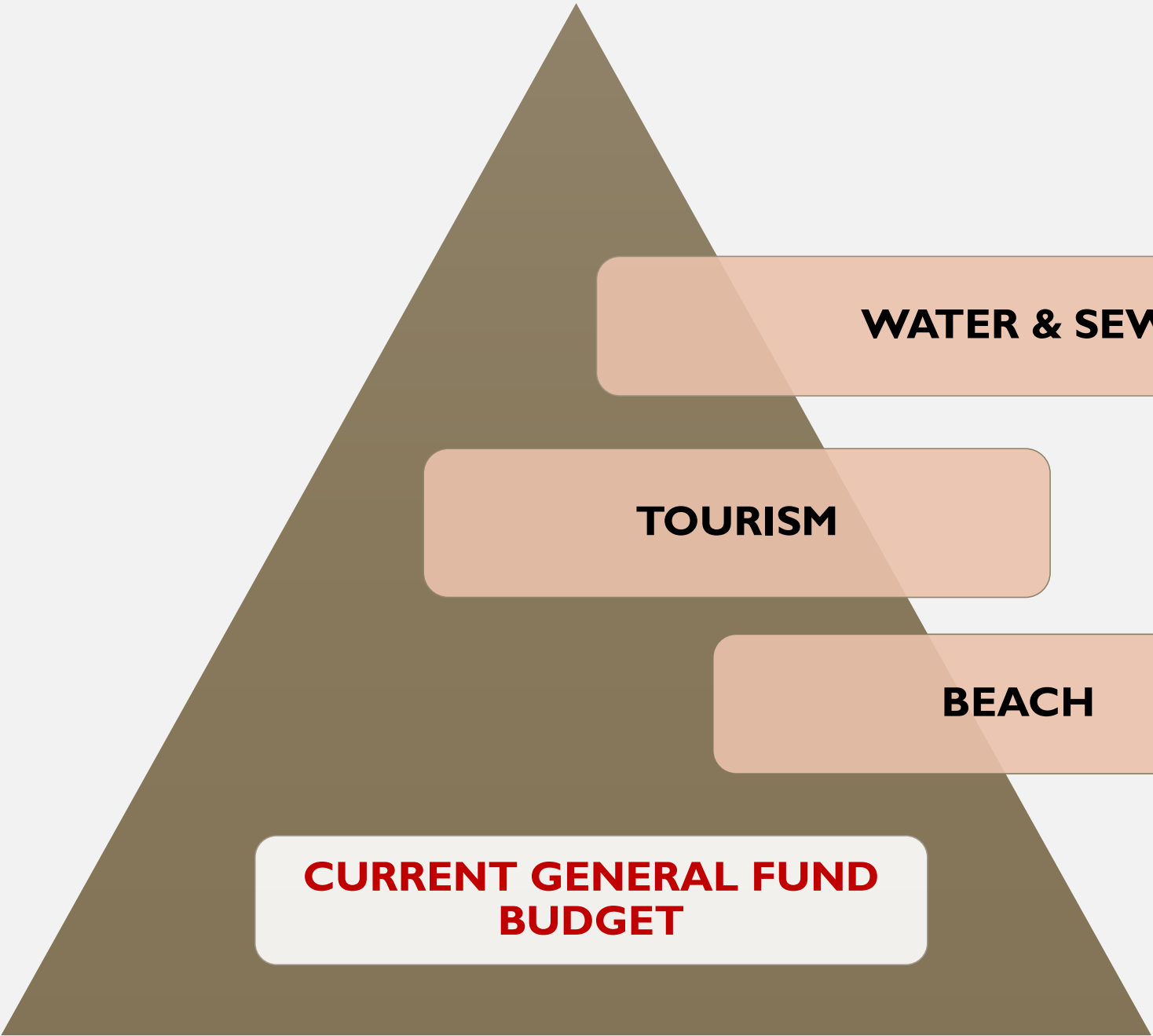
- All expenditures and supportive revenue for the delivery of potable water and sewer services to all classes and individual water users and properties.
- Other jurisdictions which have direct potable water supply connections to the City water distribution mains and facilities.
- Under the supervision of a Superintendent of Water and Sewer, appointed by the City Manager.



WATER & SEWER

TOURISM

BEACH



WATER & SEWER

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**CURRENT GENERAL FUND
BUDGET**

GENERAL FUND SERVICES

(COST CENTERS)

- **Public Safety** (police, fire, EMS),
- **Public Works** (sanitation, recycling, maintenance, repair),
- **Administration** (Insurance, logistics, support, fiscal services)
- **Capital Needs / Improvements.**

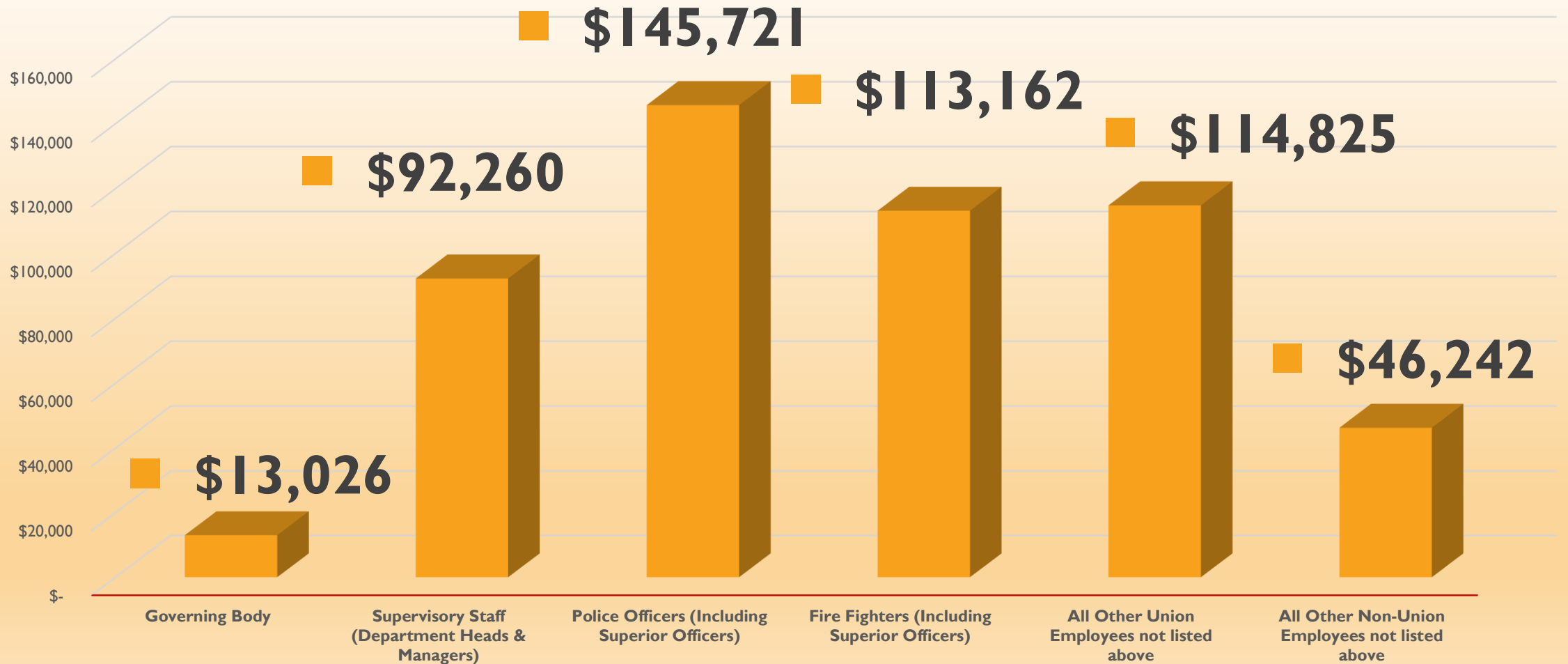
GENERAL FUND SERVICE COSTS

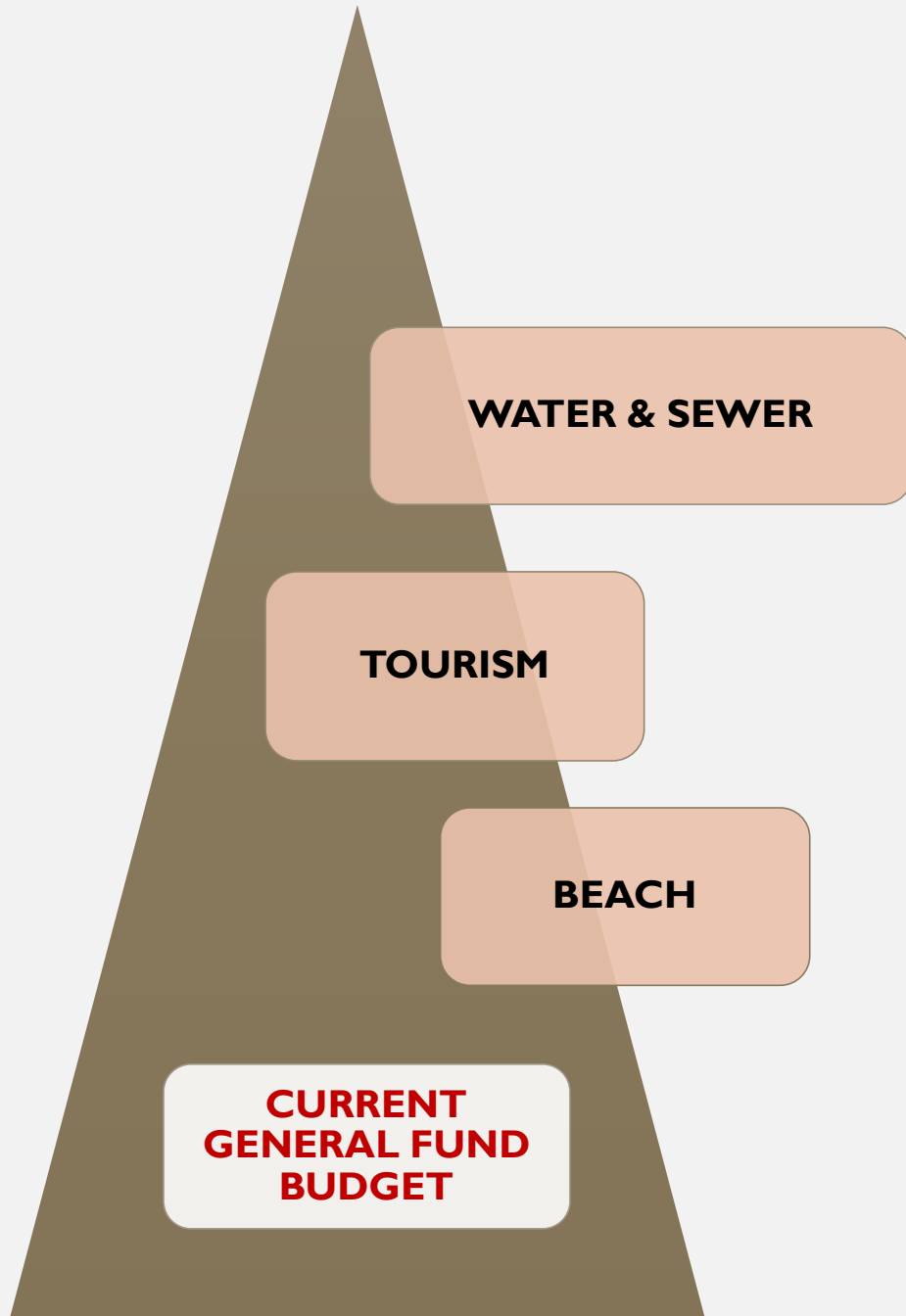
(COST DRIVERS)

- Salary and benefits for personnel
- Material and supplies
- Debt service
- Utility costs
- Equipment
- Facilities
- Contracted services

SALARY AND BENEFITS FOR PERSONNEL

Source: CM User Friendly Budget Report 2020





- General Fund Subsidizes the Utilities
- No Reimbursements
- Some Reimbursements
- Vague Calculations
- Capital Projections

CORE TASK

- Calculate the full cost of personnel and all other operational services for the Cost Centers
- Calculate the amount or percentage of these Cost Center services received by or dedicated to Utilities
- Record Utility Service Reimbursement as Revenue to General Fund
- Adjust Utilities Surplus Fund balances and/or user fees

BENEFITS

- Transparency
- Budget based Policy Decisions
- Cost Centered Budget Analysis
- Appropriate Revenue Sources
- Occupancy Tax.
- Increased availability of General Fund revenue without raising tax rates.
- Projects unfunded and delayed.
- More accurate revenue-to-service equation.

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