

FREEHOLD TOWNSHIP BUDGET REVIEW MINUTES

MARCH 19, 2016

8:30 AM

At 8:30 am the Township Committee met in Room 214 in the Municipal Building.

Mayor McMorrow read the Open Public Meetings Act:

“In accordance with the Open Public Meetings Law, (c. 231 P.L. 1975), this Meeting was announced on January 6, 2016 by: 1.) posting a notice on the bulletin board in the Municipal Building reserved for that purpose, 2.) by mailing such notice to the offices of the official newspapers of the Township and 3.) by filing such notice with the Township Clerk.”

Roll Call

In Attendance: Mr. Ammiano, Mr. Cook, Mr. Preston, Mr. Salkin
And Mayor McMorrow

Absent: None

Also in attendance: Peter Valesi, Township Administrator, Catherine Campbell, CFO and Teresa Warner, Township Clerk

Review of 2016 Municipal Budget

Mr. Valesi gave a power point presentation.

What Do I Get for my 16%?

Mr. Valesi said of the \$160,000,000 that flows through us each year, we are responsible for 16 % of the entire tax dollar.

He reviewed what we supply as essential services and what we supply as quality of life services.

2016 Budget Highlights

Mr. Valesi said our self-insurance for Group Healthcare (medical & prescription) continues to show a savings and is providing a stable and predictable environment for the budget.

Our group healthcare decreased by 1.86%, while the NJ State Health Benefits plan saw increases near and over 9%. He said there is about 1.6 million in the trust fund.

2016 Budget Structure

The usable fund balance down 10% under 2015, but municipal revenue hit targets for the year. Surplus for 2015 was down 3.7% over end of 2014. The drop off is contributed to a small drop in the collection rate. Our rate this year is 98.92% compared to 99.02% last year.

The amount to be raised by taxation is \$221,663 below the allowable levy cap, resulting in a banked levy cap that will likely not be utilized in succeeding years. The 2015 and 2016 combined was \$750,000 under the levy cap.

State Aid is flat again for the fourth year. \$3,135,512 shortfall still remains, which equates to approximately \$200 each year in municipal taxes to an average assessed home.

Debt service continues to be in line with expectations as we aggressively retire debt to keep pace with infrastructure needs.

2016 Budget Highlights - Personnel

The Police Department will begin to turn over due to retirements. This is the last year of the 5 year PBA contract. We have four more full time employees than last year. We have two fewer full time employees than five years ago.

We are the lead agency for many shared service agreements. Estimated revenue \$700,000 using approximately 26 full time employees.

He reviewed some of these agreements. He stated we hired a full time Assistant Township Engineer, which will cut down on the consultants and we can charge 100% of his salary to out of house projects.

Mr. Valesi said the restructuring of the Zoning/Housing/Code department will show a decrease in salary. Mr. Popolizio will be the Department Head. He said this will streamline the process. He described a few of the shared services agreements we have through the department. He said we also put in a new software system, Geo3O which will also streamline the process. Also, the Planning and Zoning Board were combined this year.

Mr. Ammiano said he contacted Pasquale on a Saturday about a problem and it was fixed immediately.

2016 Budget Highlights

Affordable Housing/COAH

The taxpayers are not supposed to bear any costs for this, but the Township is in expensive lawsuit, defending our affordable housing strategy to the courts. The 2016 Affordable Housing budget is increased by 38% because trust funds were being depleted by legal battles.

The combining of the Planning and Zoning Boards has streamlined the process and allows for tighter controls. Savings on the budget of about \$13,500.

Recycling program cost increase is 26% higher than last year. Only received one bid and the increase is attributed to the volatility of reimbursements for recyclable materials.

2016 Major Added Costs

(Difference between 2015 and 2016 budget appropriations)

Payment of Bond Principal - \$623,000
Capital Improvement Fund - \$250,000
Reserve for uncollected Taxes - \$223,577
MCIA Pooled Lease – Principal - \$188,730
Police – S/W - \$103,000
Police & Firemen’s Retirement System - \$94,223
Recycling – Other Expenses - \$84,000
Property/General/Environment Insurance - \$63,053
Interest on Bonds - \$62,363
Engineering – S/W - \$62,000

Major Cost Decreases in Expenses

(Difference between 2015 and 2016 budget appropriations)

Payment of Bond Anticipation Notes – (\$650,000)
Diesel Fuel and Gasoline – (\$225,000)
Workmen’s Comp. Insurance – (\$124,678)
Group Insurance for Employees – (\$97,846)
UCC, Fire, & Code – S/W – (\$92,000)
Snow Removal – Other Expenses – (\$85,000)
Equipment Maintenance – S/W – (\$75,000)
Recreation Services/Programs – S/W – (\$64,000)
Green Trust Loan - Principal/interest – (\$62,183)
MCIA Bonds – Interest – (\$60,356)

Mr. Valesi reviewed the reasons for some of the decreases.

Debt Service and Capital Management

Continuing to pay down debt 2009 to 2015.4

Total new debt incurred - \$20,440,000
Total principal paid off - \$27,799,000

Reduction in debt – (\$7,359,000)

For 2015 - \$3.336M new debt in notes
\$4.629M principal paid off

Monmouth County Tax Assessment Program

First year (2014) was very difficult, as many homes suffered abrupt upward or downward assessment changes due to 2013 sales in their neighborhood.

2015 fared better with almost 80% of homes seeing a decrease in assessed value, or less than a 2% increase.

Cost of revaluation/reassessment cut dramatically by spreading the inspection effort over a five year cycle; \$55k vs. \$165k annually.

Unlikely after 2016 to see large swing in annual taxes like you would in the typical revaluation/reassessment done once every 10 years.

Option still exists to opt-out on behalf of each municipality, which is being reviewed by the ADP steering committee for legal issues.

Monmouth County Reassessment in 2016

Begin 2015 - \$5,901,037,000
Begin 2016 (est) - \$6,044,115,000

Increase of 2.42%. Results in a downward rate adjustment of -0.83 of a cent before 2016 levy adjustment.

Tax Assessment Program Local Impact

44% of homes had their assessment rise
56% of homes had their assessment reduced

Last year was an even split of 50%/50%

- 78.2% decreased or increased less than 2%
- 4.8% increased between 2 – 4%
- 4.0% increased between 4 – 6%
- 3.3% increased between 6 – 8%
- 3.5% increased between 8 – 10%
- 6.1% increased beyond 10%

The program in Gloucester County was discussed.

2% Levy and Appropriation Caps

The Freehold Township’s 2016 municipal budget is \$221,663 under the State mandated 2% levy cap. The Municipal Budget is \$3,094,218 under the State mandated appropriation cap.

The exemptions were reviewed. The total allowable new levy is \$830,183 and the total new levy used is 608,520.

Municipal Budget Annual Comparison

The slide showed figures of 2015 and 2016 and the percent of change between them.

Total budget, State Aid, Municipal Revenue, Fund Balance and Amount to be raised. The Tax Rate (calculated using pre and post assessment values) – 2016 Valuation will be 34.6 cents, which is +0.9 cent increase and the Actual Rate is \$34.6 cents, which is +0.2 cent increase.

Impact on a Homeowner

Mr. Valesi showed a chart comparing Freehold Township to surrounding towns.

The average assessment on a home in Freehold Township is \$380,713, with the new tax rate the monthly increase would be \$2.17, for a total yearly increase of \$26.00.

Municipal Revenue Breakdown by Category

2015 figures

State Aid and ETR	\$7,436,315	18.5%
Surplus Anticipated	5,076,000	12.6%
Local Revenues	1,646,960	4.1%
Open Space Tax	1,380,000	3.4%
Delinquent Taxes	1,310,000	3.3%
Construction Fees	890,000	2.2%
Shared Services	671,796	1.7%
Municipal Court	600,000	1.5%
Grants	232,238	0.6%
Municipal Purpose Tax	\$20,892,858	52.1%
Total Budget	\$40,136,168	

Municipal Expense Breakdown by Category

2016 figures

Public Safety	\$9,829,952	24.5%
Insurance	5,933,325	14.8%
Debt Service	5,862,054	14.6%
Pension & SS	3,700,189	9.2%
Public Works	3,617,300	9.0%
Government & Policy	2,561,800	6.4%
Reserve Uncollected Taxes	1,924,154	4.8%
Utilities	1,402,000	3.5%
Eng/Const./Land Use	1,212,600	3.0%
Local Aid transferred Schools	891,462	2.2%
Recreation	854,750	2.1%
Shared Services	721,796	1.8%
Municipal Court	484,800	1.2%
Public Health	477,245	1.2%
Capital Improvements	400,000	1.0%
Grants	262,738	.7%
Total Budget	\$40,136,168	

The Township Committee asked various questions regarding the levy, road repairs, NJDOT projects, grants. Discussions ensued. Asphalt prices, oil prices, filling pot holes and which roads are to be overlaid were discussed. Culverts and bridge repairs were discussed.

The Township Committee thanked Mr. Valesi and Ms. Campbell for all their hard work on the budget. They realize this is a year round project.

Mayor McMorrow asked for any comments from the public.

JJ Mistretta, 506-8 Harding Road – commended Mr. Valesi and Ms. Campbell also. She said the police salaries are 8 million now and will be 9 million. She asked the Committee to please not hire any more police officers. She asked us to look into a shared service with Freehold Borough for police officers to help get the police budget down.

Mr. Salkin responded said we know officers are going to be retiring and we have to be responsible and replace them. We have to be proactive. They will not be at the top of the pay scale. Governor Christie gave us the tool box to cap the PBA negotiations at 2% which has helped us. He said he also remembers a couple years ago Ms. Mistretta put out a flyer complaining the Township Committee was not proactive in replacing retiring officers.

Ms. Mistretta said Mr. Antus overrode the 2% cap before. She asked again not to hire more officers. She said maybe Mr. Horigan put out a leaflet with that information.

Mr. Valesi said the Chief of Police makes decision on where the staffing level should be. We will work to get long term sustainability in the contract negotiations. Our longevity is 1/5 of what other towns give. We have a good solid scheduling and staffing.

Ms. Mistretta asked again about shared services with Freehold Borough.

Mr. Salkin said we have a Mutual Aid agreement with them now.

Mr. Valesi said that has not been explored because we are the bigger town.

Mr. Ammiano said we are 38 square miles and Freehold Borough is 4 square miles.

Ms. Mistretta said Belmar and Lake Como are doing this.

Mayor McMorrow said she thought Lake Como is doing away with their police department.

Ms. Mistretta asked if the creeks are getting any work on Winfield Drive and Willowbrook Road.

Mr. Valesi said only the streets, curbs and trees will be worked on.

Mr. Salkin explained how the trees were planted between the curb and sidewalk back in the 1950's.

James Franklin, 119 Lancaster Dr., questioned the staffing levels of the PD and how do we measure that? He also asked why there is nothing in the Police Blotter in the papers about Freehold Township. He felt we either have no crime in Freehold Township or we don't give the information. He felt we are not transparent enough.

Mr. Valesi said the Chief manages that. For safety issues, they don't like to give information on how many officers are out on each shift. They like to have a maximum and a minimum that they don't go below. He said it is up to the newspapers what towns they get information from and print.

Mr. Franklin asked about the Firemen retirement system. Do we have paid firemen?

Mr. Valesi said no, they are volunteers. There is a LOSAP which is about \$1,150 a year.

Mr. Preston explained what LOSAP was and how it works to get volunteer firemen. He said they have to put in a certain amount of hours each year to get points towards this retirement benefit. He said it is a State wide program and it is designed to get young volunteers.

Haven Franklin, 119 Lancaster Drive said one of the reasons she wants to know what is going on in terms of crime is to know the value of her home. She feels salaries should mimic the amount of crime. Freehold Township I think we are not as dangerous as New York. She feels this does relate to the value we live in Freehold Township.

Mr. Valesi said the PD reports to the Prosecutor and Attorney General. They decided what records can be released.

Mr. Salkin responded to what the PD has to do on a weekly basis, with 11,500 home in the Township, along with the millions that travel through our town each week from all over the country.

Mayor McMorrow brought up about all the swatting incidents at the Freehold Raceway Mall and the movie theater.

Ms. Mistretta reiterated that she feels we can't sustain police salaries.

Mr. Franklin asked if the road at Route 9 and Schanck is going to be fixed by the State. Do we have any leverage? He also asked if we any control or oversight over the EMS or Fire budgets?

Mr. Valesi said when we contact the State about pot holes they do follow up. He said we have no control over either budget.

Mrs. Franklin asked about the Township Committee salaries. She said in some towns that have decided not to take the salary.

Meeting adjourned at 10:35 am.

Teresa Warner, Township Clerk