

FREEHOLD TOWNSHIP BUDGET REVIEW MINUTES

MARCH 18, 2017

12:00 PM

At 12:00 pm the Township Committee met in Room 214 in the Municipal Building.

Mayor Preston read the Open Public Meetings Act:

“In accordance with the Open Public Meetings Law, (c. 231 P.L. 1975), this Meeting was announced on February 22, 2017 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. Salkin and Mayor Preston

Absent: Mrs. McMorrow

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

Review of 2017 Municipal Budget

Mr. Valesi gave a power point presentation.

What Do I Get for my 16%?

Mr. Valesi said, the Township Committee controls only 16% of the tax dollar. The rest is controlled by the County, Schools and Fire Districts. He reviewed what is covered by the 16% and what the resident receives.

2017 Budget Structure

A few items are listed below:

- We maintain approximately 30% of our end of year balance in surplus.
- Municipal revenue exceeded our targets for the year.
- Strategic Reserves on the AFS continue to add to long-term tax stabilization.
- Township reserves are approximately 11% of the total tax levy (up from 9.5% last year).
- 2015, 2016 and 2017 budgets combined have left over \$1,300,000 under the levy cap.

2017 Budget Highlights – Health Insurance

- Self-insurance for Group Healthcare continues to show savings and provides a stable environment for the budget and provides over \$1,600,000 in reserves to stabilize this line item.
- In 2017, the Healthcare Budget increased significantly in our apportionment of claims dollars in our claims reserve fund. This was due, in part, to a broad use of the plan in the 2016 year and does not appear indicative of a continuing rise in costs.
- We anticipate that these claims dollars will not be generated and, as such, have used \$600,000 of the \$1,600,000 trust balance to offset the claims fund generation estimates.
- 2013 savings = \$410,000

- 2014 savings = \$830,000
- 2015 savings = \$360,000
- 2016 savings = \$120,000 (est)

2017 Budget Highlights

Total Freehold Township full-time employees are three less than last year.
 We are currently considering options on four vacancies.
 The total includes five new police officers that are planned to replace retiring officers.
 We are the lead agency on many shared services.
 *Estimated shared services revenue - \$650,000
 *Approximately 24 full time employees provide services.

Various other highlights were explained.

2017 Budget Structure

Personnel salary and wages are 1.98% lower than in 2016 as a result of our 5-year labor agreements, supplementing F/T positions with P/T personnel and allocation of salaries to shared services.

Investments in 2011 the Committee adopted an investment strategy where the surplus assets of the Township would be invested in US Treasury Bonds. The plan is a success resulting in new investment gains from Treasury Bond interest of \$1,443,000 in the last 5 years.

2017 Major Revenue Changes

Difference between 2016 and 2017 budget revenues.

Open Space tax for debt service -	(1,380,000)
Receipts from delinquent taxes -	(200,000)
Capital fund surplus -	(104,237)
Construction Code (Jackson) -	(51,895)
Diesel fuel -	(50,000)
Interest on investments/deposits -	(50,000)
Surplus anticipated -	759,000

2017 Major Added Costs

(Difference between 2016 and 2017 budget appropriations)

Group Insurance for employees -	793,772
Payment of Bond Anticipation Notes -	150,000
Interest on notes -	117,488
Aid to Volunteer First Aid -	65,000
Police Vehicle Purchases	58,500
PERS	57,213
Tax Assessment Inspections	55,248
Construction Official S/W	55,001
Senior Center S/W	37,850
Buildings/Grounds S/W	21,000

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

Major Cost Decreases in Expenses

(Difference between 2016 and 2017 budget appropriations)

Debt service -	(1,302,000)
Police S/W -	(264,000)
Recreation Services S/W -	(108,000)
Fuel Oil/Gasoline -	(50,000)
Police Vehicles MCIA Lease	(35,700)
Recycling S/W -	(25,000)
Streets/Roads S/W	(30,000)
Police Other Expenses	(23,500)
Financial Admin.	(20,000)
Recreation Services	(20,000)
Construction Official	(11,700)

Mr. Valesi discussed the reasons for the decreases.

Debt Service and Capital Management

2017 debt service down 4.9%.

Total new debt incurred - \$26,08,000
Total principal paid off - \$32,604,000
Reduction in debt – (\$6,522,000)

For 2016 - \$5.642M new debt in notes
\$5.468M principal paid off

Annual Tax Assessment Program

The Township Committee opted out of the Monmouth County Assessment Demonstration Program and adopted the “Somerset County Model” in order to have our assessment keep pace with the annual assessments in Monmouth County. Various details of the program were discussed.

Begin 2016 - \$6,027,600,600
Begin 2017 - \$6,170,314,100 (estimate)

One year increase of \$142,713,500 or 2.36%.
Results in a downward rate adjustment of -0.80 of a cent before 2017 levy adjustment and before tax appeals are finalized.

The net change in available taxes as a result of the change in assessment value is ZERO.

Open space trust levy will change by \$42,814, same 2.36%, with net positive change in ratables. This will be slightly reduced after tax appeals are final.

Tax Assessment Program Local Impact

69.4% of homes had decreased or increased less than 2%
9.3% of homes increased between 2 and 4%
11.6% of homes increased between 4 and 6%
5.1% of homes increased between 6 and 8%
1.9% of homes increased between 8 and 10%
2.8% of homes saw an increase beyond 10%

2% Levy and Appropriation Caps

The Freehold Township's 2017 municipal budget is \$270,800 under the State mandated 2% levy cap. The Municipal Budget is \$2,555,782 under the State mandated appropriation cap.

The exemptions were reviewed. The total allowable new levy is \$646,871 and the total new levy used is 376,071.

Municipal Budget Annual Comparison

The slide showed figures of 2016 and 2017 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) – 2017 Valuation will be 35.3 cents, which is +0.6 cent increase and the Actual Rate is 34.5 cents, which is -0.2 cent decrease.

Impact on a Homeowner

Mr. Valesi showed a chart comparing Freehold Township to surrounding towns. We have the lowest municipal tax rate out of 6 surrounding towns.

The average assessment on a home in Freehold Township is \$388,672, with the new tax rate the monthly increase would be \$1.92, for a total yearly increase of \$23.00.

Municipal Expense Breakdown by Category

2017 figures

Public Safety	\$9,592,752	24.3%
Insurance	6,738,722	17.1%
Debt Service	4,889,117	12.4%
Pension, FCIA, Medicare	3,735,792	9.5%
Public Works	3,620,600	9.2%
Reserve Uncollected Taxes	1,971,306	5.0%
Utilities	1,352,000	3.4%
Government & policy	1,302,250	3.3%
Aid to Schools/Condos	1,608,544	2.7%
Shared Services	919,550	2.3%
Financial/Revenue Admin	919,158	2.3%
Recreation	759,200	1.9%
Engineering/Planning/Zoning	679,450	1.7%
Construction & Code	602,000	1.5%
Public Health	506,775	1.3%
Municipal Court	477,500	1.2%
Information Technology	302,000	.8%
Grants – Local Share	40,750	.1%

Water& Sewer Utility Highlights

Mr. Valesi reviewed that our water and sewer utility is self-liquidating, requiring funds to be used solely for the operation of the Utility.

The total budget of \$13,389,255 was a decrease of 0.34% from the 2016 budget. The Committee passed resolutions in 2014, 2015 and 2017 to freeze rates at current levels for

the last three years. The rates remain one of the lowest in the State. Salaries for the Utility are up, based on a plan to hire back lost staff over the past three years. Estimated treatment fees from MRRSA for sewer rose 2.49%. Mr. Valesi said we are building surplus, but one rainy summer could change this. He also said at some point in the next five to six years we will need to build another plant.

Throughout the presentation various discussions ensued on certain parameters of the budget. The article in the Asbury Park Press was discussed regarding court revenues.

The Committee said at least we are in charge of our own destiny. We are not going to be at the mercy of American Water. We are very proud of our Water/Sewer utility.

The Township Committee thanked Mr. Valesi and Ms. Campbell for an outstanding job on the budget.

Mayor Preston asked if we would be able to get a AAA rating this year. He knows AA+ is a great rating. He asked what changes we would need to make to get there.

Mr. Valesi said he and Ms. Campbell have been on calls with them and they want to make sure you have Zero risk. There are only 19 towns that are AAA rating. Mr. Valesi has reviewed their S&P assessment rating documents. We will have to build our surplus.

Mayor Preston asked for any comments from the public.

JJ Mistretta, 506-8 Harding Road – said she can attest that American Water Company is terrible. She asked what percentage of Code Enforcement revenues are from court?

Mr. Valesi said about 11-12% estimated.

Mrs. Mistretta asked what happens if someone won't let the inspector come in to inspect the home.

Mr. Valesi explained that if they won't let the inspector in, the Assessor has to make an assumption of what they have inside. We try very hard to get people let the inspector in. We even offer to have them escorted by someone if they are alone and are uncomfortable. It is better for the resident if the inspection is done.

Mrs. Mistretta asked how appeals are done.

Mr. Valesi said the Assessor tries to stipulate it out with the resident first. If that does not work, they can go to Monmouth County for tax appeal.

Jim Franklin, 119 Lancaster Road, asked for actual figures for fines and costs for Court.

Mr. Valesi said \$939,331.67.

Mr. Franklin asked about Line Item #21.

Mr. Valesi gave an explanation of employees, shared service with Borough.

Mr. Franklin if we give any money to the two Fire Districts.

Mr. Valesi said no. We do have a shared service for \$5,000 that pays for a person to teach fire education to students.

Mrs. Mistretta asked what is happening with the PBA contract.

Mr. Valesi said it is still being negotiated.

There being no further comments or questions, Mayor Preston closed the public hearing.

He asked for any comments from the dais.

Mr. Valesi thanked Catherine Campbell for all her hard work and expertise of exactness. She is a consummate professional.

Mr. Cook thanked both of them for a fine job.

Mr. Salkin said he remembers 5 to 7 years ago this was a very hard job doing the budget. We had to have wage freezes, closed departments, hard layoffs. Because it was dealt with then, this year we have a very healthy budget.

Mr. Valesi said the towns that had furloughs are still digging out and still have problems. It was a painful time and he hopes we never have to do that again.

Mr. Ammiano said he appreciates the hard work that Ms. Campbell does as CFO. She always has the right answers for us. He said he concurs with Mr. Salkin's comments also.

Mayor Preston said he also wanted to express his thanks to Ms. Campbell and Mr. Valesi. You both make a great team.

Mayor Preston reminded everyone the next Township Committee meeting is Monday, March 20, 2017, where we will deal with the defeated Fire District #1 budget.

Meeting adjourned at 1:37 pm.

Teresa Warner, Township Clerk