

**BOROUGH OF SHREWSBURY
MUNICIPAL CENTER
MAYOR AND COUNCIL
BUDGET WORKSHOP MEETING**

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APRIL 4, 2009

Mayor Cooperhouse called the meeting to order at 9:00 AM and read the Presiding Officers Statement. Present were Council Members Burden, Dodge, Keegan, Menapace and Murphy. Councilman McGuire was absent. Also present were Borough Administrator Thomas Seaman and Borough Attorney Martin Barger.

Salute to Flag

Mayor Cooperhouse led the Salute to the Flag.

Mayor Cooperhouse explained the purpose of the workshop meeting. It is specifically set up for the Council to discuss the 2009 Budget in a workshop environment. He thanked the Councilman Murphy and the Finance Committee for the work that they have done. He indicated that there will be a public hearing at some point, after today's workshop meeting.

Councilman Murphy addressed the public and advised that the departments have worked hard to cut costs. Costs have been cut by \$100,000.00. Purchases have been shifted from operating expense to capital. Every department understood the need for cuts and the Committee is pleased with the work done so far, but it is a work in progress and not yet completed. He said there are pension increases this year as well. Mr. Seaman commented on the large increase to Police and Fire Pension System and Public Employee System. Councilman Murphy pointed out that municipalities have no control over those increases from the State.

Mr. Seaman briefly explained the surplus line item.

Councilman Murphy pointed out that the DPW contract was renewed this past year and we added a change to their health insurance and noted that the employees are now on a POS system instead of a PPO and we should see a savings of a \$29,000.00. He informed that the Borough pays approximately \$17,000. a year for a family plan in the PPO; we are encouraging employees who have a second insurance coverage with their spouse to "Opt Out", which would save the Borough about \$11,000. for each person who opts out.

Mr. Murphy said that utilities are difficult to control; there have been increases across the board but the Borough is looking into a green initiative to limit utility increases.

Councilman Murphy noted there is no new revenue for building. Construction permits have decreased dramatically because there is no new construction, therefore a decline in ratables. Councilman Menapace informed there has been a fuel and gasoline increase, but the Borough is introducing shared services with the County in an attempt to anticipate savings. Solar lighting is being explored for the DPW and the Municipal Building.

Councilman Murphy said that Court revenues are off by and State aid is continually decreasing as well the property tax relief. He said all the revenues seem to be way down.

Mayor Cooperhouse advised that once the budget is introduced it will be available for the public to review before a public hearing.

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Councilman Murphy said there are no spikes in the debt service premium; they are being paid down. He also explained there will be a freeze on all capital road projects for the year and we will take this opportunity to inventory the whole town to see what we really need.

Mr. Seaman briefly explained the Reserve for Uncollected Taxes, noting that the tax collection rate last year was 98.6% so with a state formula, we anticipate what the percentage will be for this year, we are hoping for 98% and we have to make up the shortfall from the prior year. Any shortfall in the collection of taxes affects the budget.

Councilman Murphy said we spoke with our Auditor and he informed us of a deferral of the school tax which we are considering.

Mayor Cooperhouse advised that the State is allowing the deferral of pension payments and some towns are taking advantage of this but we found that would not be such a good idea for the Borough; he pointed out that to defer a tax just means to pay the tax in the future and it does not seem to make sense. He advised that he has met with the Mayors of Little Silver and Oceanport, they are looking into the opportunity of shared services, and everyone is interested. It was also pointed out that the Borough is working hard to obtain grants.

Councilman Menapace advised that while the Borough is freezing capital spending this year it does not mean the Borough will not be completing items that were already approved as these will not affect the tax rate.

Mayor Cooperhouse said we are continuing with the budget process and we have had several meetings with our department heads while sharing ideas and we are continuing to take comments and ideas from the public while we work on this budget.

Open Meeting to the Public

A motion was made by Councilman Murphy, seconded by Councilman Menapace to open the meeting to the public.

Pamela Siciliano, 185 Spruce Drive questioned whether the Borough has looked into shared services with Monmouth County.

Mayor Cooperhouse responded that the County did make a presentation to us and we are availing ourselves of their services.

Ms. Siciliano questioned what percentage of the employees pay towards their health insurance.

Mayor Cooperhouse responded that there are three different bargaining units and they all pay different amounts. He also informed her of the change of insurance from a PPO to a POS for the Public Works Department.

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Ms. Siciliano pointed out that she is a State employee and pays 10% towards her insurance and she also has to take a 14 day furlough. She also said the Borough should place a freeze on the sidewalk program and road construction, and asked to cut school administrators.

Mayor Cooperhouse responded that the Council has spoken to only our non-union and have informed them that because of the economy, at this point, anything can happen. He also answered that the Borough Council has no control over the School Board or its employees.

Paul Kemble, 130 Elm Lane questioned the percentage of budget that is in salaries and benefits.

Mr. Seaman responded that is was about 40% of the total budget.

Mr. Kemble asked if the Borough has compared the staff to other locations to see where it can be cut.

Mayor Cooperhouse responded that we have statistics on every department and compared other similar towns and we some pending retirements and some of the employees are tenured, so we are looking at everything.

Carol Clark, 203 Garden Road noted that the contributions for health care she pays is 20% where she worked and asked again if people have to contribute. Pensions are going away in corporate America. She asked if the employees pay in and what is the portion.

Mr. Seaman responded that the PERS is 5-1/2% mandated by the State and the Police is 8-1/2% and the Borough .

Councilman Menapace pointed out that the Public Works PPO had 13% to 19% raises annually, last year was 17% and moving to a POS the increases are 6%.

Ms. Clark questioned the pensions for the cleaning person, the Borough Engineer, and the Borough Attorney.

Mayor Cooperhouse responded that the Borough Engineer and Borough Attorney are not on the pension system. The cleaning person is on the pension system as required by the State and will be vested in 10 years, but is not offered health insurance.

Ms. Clark questioned the percent of commercial versus private residences in town.

Mr. Seaman advised that 30% is commercial.

Ms. Clark questioned the Police and First Aid services to businesses and do they contribute to these services.

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Mayor Cooperhouse responded that off duty police are paid through the Borough by the Grove with an administrative cost also paid to us of \$3.00 for this service.

Ms. Clark noted that it would be nice if the Borough could come up with ways to communicate about town issues instead of the Fire house Board.

Mayor Cooperhouse responded that the Borough is looking into ways of communicating to the residents.

Mark Degenhart, 81 Heritage Drive questioned the mix of commercial, residential at a tax delinquency standpoint.

Mr. Seaman pointed out there is nothing outstanding for 2008, the 2% delinquent taxes were mostly residential.

Mr. Degenhart questioned co-pays and deductibles for employees, and asked for an explanation.

Councilman Menapace said he did not have all the numbers at the moment but he said he believed the deductible for the health insurance was \$400. for the family plan and between \$10. And \$30. For the co-pay.

Mr. Degenhart questioned why the Police Department has so many vehicles.

Mr. Seaman pointed out that there are 11 vehicles.

Mayor Cooperhouse pointed out that there is a lot of engine wear although not the mileage accumulation for these vehicles. Going by a schedule, the Borough was supposed to purchase two vehicles this year and there will be only one. He explained the usage of the different vehicles, noting that there are only four or five vehicles designed to out on the road, there is a Chiefs car, one for the Captains to use and one that is used by the Detective.

Mr. Degenhart discussed depreciation on vehicles and asked about leasing.

Mr. Seaman responded that there are three year leases for the vehicles in the lease program now and four at this time being leased.

Mr. Degenhart said that in regard to recyclables, 80% of the people driving to the site can reduce the number collections to save money.

Councilman Menapace responded that the discussion of recyclables and curbside pickup is ongoing.

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Paul Kimmins, 130 Elm Lane asked if our Insurance Broker attempt to find the best plan.

Councilman Menapace said that our Insurance Broker does present us with many different plans to choose from and helps us with researching.

Pamela Siciliano, 185 Spruce Drive commented on shared services with other towns and that possibly there would be a better rate.

Close Meeting to the Public

A motion was made by Councilman Dodge, seconded by Councilman Menapace to close the meeting to the public.

Mayor Cooperhouse advised the public that after the Budget is introduced, please feel free to contact us if anyone has questions.

ADJOURNMENT

A motion to adjourn at 10:04 AM was made by Councilman Menapace, seconded by Councilman Murphy and approved by all members present.

Attest: _____
Kathleen P. Krueger, Deputy Municipal Clerk

Approve: _____
Terel Cooperhouse, Mayor