

Meeting Called to Order

The public meeting was called to order at 9:03 AM.

In accordance with the requirements of Section 4(a) of C.231, P.L. 1975, the required 48 hour advance notice of this meeting was given by mailing/faxing a copy of the agenda to the Asbury Park Press and the Two River Times, in addition, to posting on the bulletin board in the Municipal Building on February 24, 2017 by the Municipal Clerk.

Roll Call

Present: Mayor Burden, Councilmembers Anderson, DerAsadourian, DeSalvo,
Eddy, Meyer & Moran

Also Present: Administrator Thomas Seaman & Clerk Kathleen P. Krueger

Salute to Flag

Led by Mayor Burden

Councilman Eddy introduced himself and the Finance Committee. He reviewed the budget objectives and explained the process along with the timeline for the budget adoption. He explained that the Borough collects the taxes for Shrewsbury Borough School (SBS), Red Bank Regional (RBR), and Monmouth County all of which the Borough has no control over. He added that the Borough was notified that both SBS and Monmouth County would have their taxes remain flat but RBR may have an increase. Councilman Eddy explained the numbers used in this presentation for SBS, RBR, and Monmouth County, are just estimates. He also explained how the Open Space amount is determined based on the Borough's assessed value.

Councilman Eddy demonstrated, via a pie graph, the details of all the taxes the Borough collects and noted that they only keep 30%. He informed the public how the new property valuations system (ADP) affects the budget and the RBR taxes. He explained that for every \$100 of assessed property value, the property owner pays \$0.62 in taxes in 2017. Councilman Eddy reviewed the types of property that are located within the Borough. He explained how commercial property is taxed (based on their occupancy) which is why Shrewsbury tries to be business friendly, since the reduction in commercial vacancies, eases the tax burden on the residents.

Andrew Rose, 27 Blades Run, Shrewsbury stated that the property owners had been told in the past that the departure of commercial real estate tenants left an undue burden on the residents and asked how close the Borough was to getting back to a comfortable place. Councilman Eddy commented that he believed 2017 will be a good year due to a number of new businesses coming into those vacancies. The Council discussed the impact of non-profits on the Borough's ratables.

Bill Dodge, 474 Sycamore Avenue, Shrewsbury stated that the chart reflected that businesses represent 50% and inquired if this 50% was meaning in geographic area or 50% of the assessed

value. Councilman Eddy explained that it was 50% of assessed value. Mr. Dodge asked the Council to explain how they determined the \$0.62 per \$100 of assessed value, which Councilman Eddy explained how this is determined. Mr. Dodge questioned why post-recession the commercial values did not improve. Councilman Eddy pointed out that the Borough is starting to see improvement now and listed some of the vacancies that currently have tenants and businesses expected to come in within the next two years which should then reduce the burden on the residents. The Council continued to discuss Mr. Dodge's concerns with him.

Judy Martinelly, 70 Corn Lane, Shrewsbury stated that she had recently met with the Borough's Assessor Bill FitzPatrick and he shared the large sum the new owners of the Shadowbrook paid two years ago for the property. She said that they are not paying taxes on that initial purchase sum but rather a lower assessed price and recounted the reason she was told this occurred. Mr. Seaman explained the assessment process. He noted that the initial sale price increased their taxes that year but once the property was assessed at a fair market value the Borough would receive fewer taxes due to the initial price being over market value.

Councilman Eddy stated that property tax appeals are down throughout Monmouth County, which allows the Borough to better plan and reduce the impact on taxes less anticipated.

Andrew Rose questioned the number of vacant properties still on Newman Springs Road. Councilman Anderson explained that there are many spaces that have been filled on and around Newman Springs Road recently but still some remain. Mr. Rose asked if this would be a situation, like Long Branch, where eminent domain could be used. Councilman Eddy stated that there are other ways to encourage growth in that area without having to use eminent domain but the Budget Workshop is not the place to discuss it. Councilman Moran explained that the redevelopment of that area is included in the Master Plan. Mr. Rose stated that their refusal to do anything with those properties is reducing their value. Council discussed the challenges with this area, along with other local areas that are currently being redeveloped.

Councilman Eddy presented the Borough's major expenses within the 2017 budget. He noted that the Borough's pension costs are down and explained that once an employee retires the Borough is no longer responsible for their pension costs. Councilman Eddy explained that the Borough's salaries are comparable to other local municipalities. He stated that the only way to reduce salaries is to reduce services which he does not see as an option at this time.

Bill Dodge stated that salaries could be reduced by outsourcing or sharing services without reducing the services. Councilman Eddy used the shared purchase of a street sweeper as an example of cost savings and noted that the Borough is trying to come up with the best solutions. The Council discussed at length the street sweeper agreement. Mr. Dodge asked if Oceanport would go in with the Borough on a truck wash. Council explained that Oceanport has an agreement with the County for the truck wash so the sweeper will be cleaned when Oceanport has it.

Councilman Eddy commented on grants and noted that a majority of them are ‘matching grants’ where the Borough has to pay 50%. Councilman Eddy and Mr. Seaman explained how uncollected taxes are accounted for in the budget.

Councilman Eddy stated that other major expenses in the budget are insurance and benefits, trash collection, police expenses, legal services, fire hydrants, gas, building and ground maintenance, and street lighting equaling \$2.5 million. He noted that another \$300,000 is for First Aid and the Shrewsbury Hose Company. He explained that many of these items the Borough has to provide. Councilman Eddy discussed surplus, where it comes from, and its uses in the budget.

Beverlee Akerblum, 60 Patterson Avenue, Shrewsbury asked for additional information on surplus and when it is cancelled out for the previous years. Both Councilman Eddy and Mr. Seaman answered her questions using an example of police summons.

Unknown Male Resident, inquired where all the surplus monies were and Mr. Seaman reported that they are in an interest bearing account.

Bill Dodge, asked why the Borough’s budget increased this year if the Borough has a surplus. Councilman Eddy explained that sometimes the revenues do not match the amounts needed to run municipalities. He also noted that from a bonding and auditor perspective, the Borough’s surplus should be in the million dollar range. Mr. Dodge asked if they could define the difference between the uncollected taxes and the revenues. Mr. Seaman stated that he does not have those numbers but could provide them in the future. Mr. Dodge continued to ask various questions on the surplus, which Mr. Seaman answered.

Ms. Akerblum asked if there was something such as too much surplus and can the state take the surplus from the Borough. Councilman Eddy stated they could not take it and explained it was different from the SBS Board of Education where they receive more state aid.

Mr. Dodge stated that he thinks the taxpayers have a problem with taxing them just to build a surplus. Councilman Eddy stated that they did not want to raise more, just maintain it between \$700,000 and a million.

Unknown Male Resident inquired if the surplus could have an impact on the bonding and the Borough’s debt. Councilman Eddy explained how having a surplus does help the Borough when it is borrowing.

Mr. Dodge stated that it was his recollection that the surplus in 2005 was much higher and added that with the recession the Borough lost almost \$800,000 in revenue in one year. He explained that the Council used the surplus to mitigate the crisis which it is why it is significantly down. He continued to explain the importance of surplus.

Bill Gerth, 33 East End Avenue, Shrewsbury asked why the surplus was on the one side of the page since it was not new income. Councilman Eddy explained that it is anticipated, and if the Borough used the entire surplus, the Borough would have none for the following year, which would cause many issues with bonding and the state. He stated if the Borough had extra they could use it but they do not at this time. Mr. Gerth asked if the Borough ever spent more than they had, including the surplus. Mr. Seaman stated that the Borough cannot do that. Councilman Eddy stated that if a large commercial property won a tax appeal for \$400,000 the Borough would have to write them a check at that time and it would have to come from surplus. Ms. Gerth stated that it is like the Borough's rainy day fund. Councilman Eddy explained that it was, but wasn't, and noted that surplus is one of the weirdest things about municipal budgets. He informed the public that the Borough starts out each year by spending the surplus and hopes to recoup the surplus by the end of the year, with revenues and such. Mr. Gerth asked if the Borough tried to anticipate unanticipated hits to the budget like court cases. He inquired how big the surplus should be. Councilman Eddy explained that when preparing the budget, they do speak to the assessor to try to plan for any judgement.

Mr. Dodge stated that the Borough also needs to plan for lawsuits and liabilities. Councilman Eddy stated that a perfect example of such an item is the ongoing Shadowbrook issue. He did share that sometimes the Council will get hit with something out of left field.

Unknown Male Resident asked if the Borough looked into shared services. Councilman Eddy stated that the Borough currently has many shared service agreements with Shrewsbury Township and are always looking for other options. Unknown Male Resident questioned what the special line items in the budget were. Mr. Seaman responded what they were.

Councilman Eddy explained what the Borough budget would mean to an average residential property owner whose property is assessed at \$500,000. He noted that the increase would be about \$58.61, just for the municipal portion, and an estimated total of \$203 representing the Borough, plus SBS, RBR, and Monmouth County.

Mr. Gerth inquired as to the effect that an approved SBS referendum would have been. Councilman Eddy stated that he could not answer that because they did not have enough information, and again informed the public that the Borough is merely a tax collector. Councilman Anderson explained that state aid is only about \$471 per student. He explained that if the State equally distributed education state aid among schools Shrewsbury Borough would be receiving \$6000 per student. He commented on how RBR determines Shrewsbury's contribution to the school and compared it to what Little Silver and Red Bank pay adding that this calculation is a law. The Council discussed the school formula and options moving forward including legal action.

Mr. Dodge stated that the Borough signed a legal agreement to send our children to RBR and that they would have to allow Shrewsbury to leave the contract.

Mr. Rose asked why we are spending this money to send our children to RBR when Neptune has beautiful baseball facilities. Councilman Anderson explained that Neptune benefits from how the state funds them.

Councilman Eddy stated that the Council would not be able to solve the education funding issues today and asked everyone refocus on the budget discussion. He showed the Borough's history of taxes going back to 1999.

Shelley Canonico, 201 Beechwood Drive, Shrewsbury asked to know the Borough's tax rate. Mr. Seaman said it was .078 which does not include the County. Councilman Eddy noted that his slide show is on the Borough's website and the public should always reach out to any of the Council with any questions they have.

Unknown Male Resident stated that he thinks residents should be getting back what they pay in in taxes in the form of education state aid for their community. Councilman Eddy stated that Shrewsbury has no power at RBR except for forwarding collected taxes, but if the residents asked the Council to investigate the situation, we would have more of a leg to stand on. Unknown Male Resident said we need to stand up for ourselves and the environment is changing, even within the last two weeks.

Councilman Eddy discussed future expenses including capital expenses, the road plan, and debt services. He explained the Borough's debt service costs for the next few years. He stated that Council takes the requests for these types of expenditures very seriously.

Mr. Dodge inquired if part of the Council's plan was converting short term debt into long term debt. Councilman Eddy explained the difference between the two types of debt service and the advantages and disadvantages of each. Mr. Dodge stated that some residents may be interested in purchasing the Borough's debt with their own money and explained why this would be beneficial to both the residents and the Borough. Mr. Seaman stated that he would have to research this to see if this was allowable. Mr. Dodge thanked the Council for the tremendous Budget Workshop.

Councilman Eddy commented on the five year capital plan and explained how they determine what gets included and why.

Mr. Gerth inquired how communities get on the list for road improvements citing that Paddington Farms, a newer community, is on the list but older communities like East End, West End and Park Avenues, whose streets are falling apart, are not on the list. The Council explained that the Borough Engineer determines what streets are placed on the list after looking at the condition of the roads while also considering residents input. The Council explained that the roads are often moved up the list when conditions deteriorate and they suggested contacting Mr. Cranmer with these issues.

Councilman Eddy stated that the good news is that the Borough's debt payment will be reduced in a few years. He stated that their goal is to maintain the debt at a reasonable level.

Ms. Akerblom stated that if the economy had not started to improve then the consequences could have been catastrophic. Councilman Eddy stated that she was right, if the economy hadn't improved, it could have been worse. He stated that the Borough is managing it.

Councilman Eddy stated that the Borough is working on reducing insurance costs. Councilman Eddy explained the various things they are looking at to reduce the cost of insurance to the Borough. They explained they were speaking about health, life, and disability insurance.

Ms. Akerblom questioned how the Borough was going to better plan for the future retirees' health insurance. Councilman Eddy stated that they do not have a plan at this time and it is currently funded through general obligations. He did explain that they could start a rainy day fund but it would cost the taxpayers more.

Mr. Rose stated that he did some studies around the time of the referendum and compared the Borough's taxes to those in Monmouth Beach and Fair Haven and we are considerably higher in some areas. He said, per the municipal data sheet, in comparison to Monmouth Beach, Shrewsbury is 1.7% higher in property taxes. Councilman Eddy explained that Shrewsbury has the same number of police officers on a shift as Little Silver. He stated that Little Silver's assessed value is \$1.6 billion and Shrewsbury's is \$1.1 billion. He explained that Little Silver is able to provide the same services, with the same resources, but because they have a larger area and a higher value, the tax burden is more spread out. Councilman Eddy explained that Shrewsbury is smaller with a lower value, yet still has to provide the same services. Mr. Rose asked if there is a way to compare Shrewsbury to our neighbors. He said that maybe we do not have to provide as many services. Councilman Eddy explained that this is an ongoing topic of discussion between the Council and Committees. He stated that he loves that Shrewsbury has its own police department and if he was told that he could save \$750 on his taxes if they used the State Police, he would be opposed. Mr. Rose stated that the Borough could make a ton of money with just the cars that speed by the school in the morning. Councilman Meyer stated that ticket revenues were up considerably this year.

Mr. Rose stated that this is the most transparent budget the Council has presented and thanked the Council and Councilman Eddy. He also said he was very disappointed by the small number of people that were present. Mr. Rose stated that the Borough should have a monthly newsletter and suggested having a volunteer create one. Council stated that they already had one and that they are working on the issue of getting it out to the public. Councilman DeSalvo explained how to sign up for the electronic newsletter.

Councilman Eddy reminded the public that the Council meets the first and third Monday of every month and invited everyone to come.

BOROUGH OF SHREWSBURY
MUNICIPAL COMPLEX
MAYOR & COUNCIL

26
BUDGET WORKSHOP
March 4, 2017

ADJOURN

Councilman Anderson motioned to adjourn the meeting at 11:37am, seconded by Councilman Meyer, and approved by all Councilmembers present.

Attest: _____
Kathleen P. Krueger, RMC – Municipal Clerk

Approve: _____
Donald W. Burden, Mayor