

SHREWSBURY



Borough Council - Finance Committee

Welcome to the 2017 Borough Budget Workshop

Mayor, Council, and Shrewsbury Residents

March 4, 2017

Finance Committee
Shrewsbury Borough Council

2017 Borough Budget Objectives

- Balance the service needs of the Community with the cost, budget constraints, and the effect of the Borough Tax Rate.
- Review all Operating Expense line items for all Departments and ensure need – work through Council Committee structure.
- Submit a 2017 Borough Budget that reflects the minimum amount of tax needed to sufficiently operate the Borough.
- Minimize any property tax increases as much as possible.
- Continue to explore Shared Services where it is beneficial to Shrewsbury.

2017 Borough Budget Process

- Individual Borough Committees meet with their departments in November to discuss department needs, roll recommendations and budget requests to Finance Committee by December 5th, 2016.
- Preliminary Budget is prepared for Finance based on initial requests by CFO.
- December 20th, 2016 Finance Committee meets with all Departments to review requested expenditures and ensure need and impact to delivered services to the Taxpayers of Shrewsbury.
- Preliminary Budget is prepared for Finance Committee after department meetings based on closing out the 2016 budget and review of actual expenditures.
- Each department is asked for long term Capital Improvement forecast to develop an accurate Debt program for the Borough.
- Budget is adjusted by CFO for final recommendations based on finance meetings and Finance Committee recommendations.
- Final preliminary budget is developed for review at the budget workshop – March 4th.

The Overall 2017 Budget and Anticipated Taxes

Includes:

Shrewsbury Borough School
Red Bank Regional High School
Shrewsbury Borough

Monmouth County (also includes Library/Health)



Anticipated 2017 Total Tax Bill and Trends

All Taxing Authorities (Dollars)

<u>BUDGET AREA</u>	<u>Actual 2016</u>	<u>Proposed 2017</u>	<u>Increase Y/Y</u>	
			<u>Amount (\$)</u>	<u>(%)</u>
COUNTY*	3,350,452.76	3,417,461.82	67,009.06	2.00%
SHREWSBURY SCHOOL*	7,649,492.00	7,802,481.84	152,989.84	2.00%
RED BANK REGIONAL*	5,339,616.00	5,446,408.32	106,792.32	2.00%
MUNICIPAL	7,137,179.20	7,280,243.65	143,064.45	2.00%
OPEN SPACE	<u>107,445.60</u>	<u>115,817.58</u>	<u>8,371.98</u>	<u>7.79%</u>
	23,584,185.56	24,062,413.21	478,227.65	2.03%

Municipal Increase for 2017 factors in reduced surplus ↓\$70K available from previous budgets, increase of debt service of ↑\$97K plus a reduction in overall budgets of ↓\$24K.

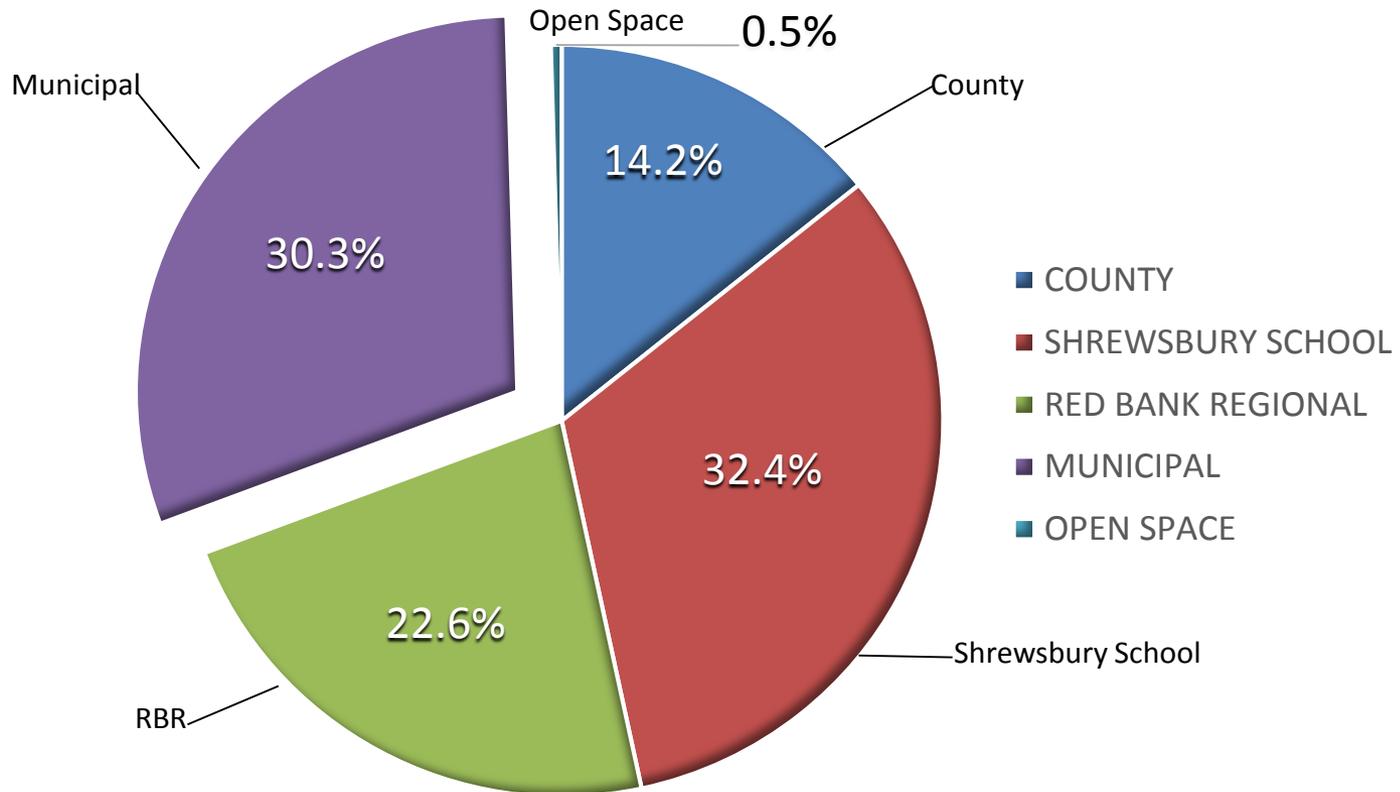
*Pure estimates at the 2% CAP – additional guidance will need to be provided by Each Board of Education when they complete their budgets.

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Composition of Total Taxes – Est. 2017



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Overall Revaluation Impact

(Vacant Land, Residential, Farms, Commercial, Utilities)

<u>Category</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>	<u>% Chg '16 to '17</u>
Borough Tax Rate (Cents/\$100)	\$0.62	\$0.63	\$0.62	-1.63%
Overall Tax Rate (Cents/\$100)	\$2.18	\$2.11	\$2.09	-1.53%
Implied Total Tax Obligation (Mil)*	\$23.22	\$23.22	\$23.22	2.03%

*Estimated for non-Borough Budgets – we are assuming 2% CAP, but we have no guidance for either School Board.

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Trending Revaluation Impact

(Vacant Land, Residential, Farms, Commercial, Utilities)

<u>Property Type</u>	<u>2017</u>	<u>2016</u>	<u>Percent +/-</u>	<u>Affect on Tax Rate</u>	<u>2015</u>	<u>Percent +/-</u>
Residential	775,050,400	745,165,300	4.01%	Cty & RBR	702,100,400	6.13%
Commercial	375,044,700	365,694,500	2.56%	Cty & RBR	354,940,100	3.03%
Vacant Land	5,827,300	5,628,000	3.54%	Neutral	7,986,400	-29.53%
Farm	1,139,000	1,126,800	1.08%	Neutral	1,150,900	-2.09%
Utilities	<u>1,114,395</u>	<u>1,113,711</u>	<u>0.06%</u>	Neutral	<u>1,155,317</u>	<u>-3.60%</u>
	1,158,175,795	1,118,728,311	3.53%		1,067,333,117	4.82%

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The 2017 Borough Budget Only

Excludes Schools, County, Open Space

5 Year Revenue Outlook

- **Economy remains “mixed” – but seems to be steady to up**
 - Appeals are down – residential and commercial across Monmouth County
 - Commercial – Ft. Monmouth has bottomed out and potential for redevelopment. Shrewsbury is working hard to redevelop commercial properties before Ft. Monmouth gets in full re-development.
 - Construction for UCC and other fees (revenue) should remain constant.
 - The past two years the Ivy and the Enclave are now fully ratable.
 - Presidential election is done – still reading potential economic impact.
 - New Jersey Governor election – next year, could have large tax implications up/down.
- **New Development projects outlook – New Ratable**
 - Approved Development of Shrewsbury Manor to be an Assisted Living Place (late 2017).
 - Application for Catelli Brothers to be redeveloped to an Assisted Living Place (late 2018).
 - Approved Development of Office Space on Shrewsbury Avenue into Shoprite (mid 2018).
 - Application for Verizon Building to be an Gas/Mini Market in Zoning (unclear).
 - Potential for new development on Newman Springs road (unclear).
 - Active working to redevelop vacation/under utilized commercial properties (ongoing).

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Preliminary 2017 Budget

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Proposed Budget 2017 – All Items

Major Expense Categories

<u>Operating Expenses</u>	<u>Y/Y Growth</u>	<u>Proposed 2017</u>	<u>Actual 2016</u>	<u>Actual 2007</u>	<u>07 to 17 Growth</u>	<u>Notes</u>
Salaries & Wages	0.23%	\$3,779,598	\$3,771,093	\$3,354,398	12.68%	
Group Health Insurance & Disability	0.44%	\$1,382,996	\$1,376,894	\$1,039,000	33.11%	
Pension	-10.62%	\$560,611	\$627,198	\$264,839	111.68%	Pension Payments were being phased back in
Total Salaries & Benefits	-0.90%	\$5,723,205	\$5,775,185	\$4,658,237	22.86%	
Other Expenses	-3.78%	\$996,985	\$1,036,120	\$1,059,276	-5.88%	
Utilities and Landfill	0.18%	\$551,000	\$550,000	\$578,000	-4.67%	
Grants	22.73%	\$180,014	\$146,676	\$100,315	79.45%	Increase in grants offset by revenues
Debt Service	9.01%	\$1,178,260	\$1,080,825	\$866,774	35.94%	
Reserve for Uncollected Taxes	-4.71%	\$378,680	\$397,396	\$427,461	-11.41%	
Capital Improvements	0.00%	\$40,000	\$40,000	\$40,000	0.00%	
Deferred & Statutory Expenditures	6.59%	\$330,075	\$309,671	\$176,000	87.54%	Funding ordinances to avoid additional debt
Total Non-Operating Expenses	2.65%	\$3,655,016	\$3,560,688	\$3,247,825	12.54%	
Total Budget (Appropriations)	0.45%	\$9,378,221	\$9,335,872	\$7,906,062	18.62%	

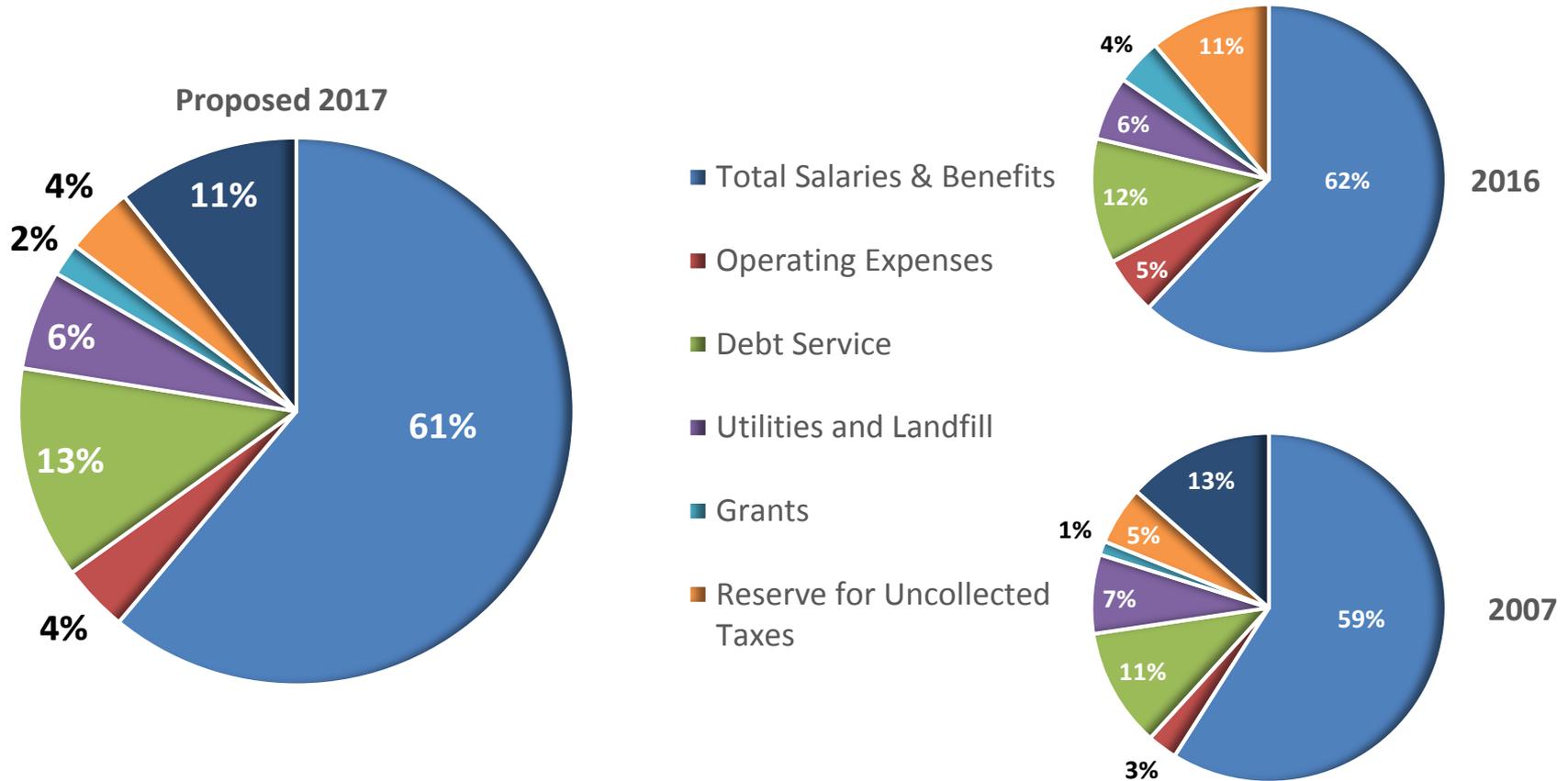
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Preliminary 2017 Budget

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2017 Budget Mix – The Big Picture



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Preliminary 2017 Budget

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Top Operating (OE) Items

<u>Major Operating Expense Line Item</u>	<u>2017 Budget</u>	<u>% of OE</u>	<u>Increase/ -Decrease</u>
Employee Group Insurance	\$1,108,000	39%	0%
Police Department	\$181,300	6%	-5%
Solid Waste Collection Contractual	\$162,000	6%	2%
Landfill/Solid Waste Disposal Costs	\$153,000	5%	-2%
Workers Compensation Insurance	\$147,481	5%	0%
Other Insurance	\$116,015	4%	0%
Fire Hydrant Service	\$98,000	3%	7%
Legal Services (Legal Department)	\$99,483	3%	0%
Electricity	\$78,000	3%	-3%
Building and Grounds	\$63,000	2%	-25%
Recreation Services and Programs	\$69,000	2%	0%
Engineering Services	\$50,000	2%	-9%
Gasoline	\$48,000	2%	-11%
Public Health Services (Board of Health)	\$49,200	2%	6%
Streets and Road Maintenance-Vehicle Maintenance	\$63,000	2%	-11%
Street Lighting	\$48,000	2%	14%
Top 16 Operating Expense Items	\$2,533,479	88%	-1%
All Other Operating Expense Items	\$331,337	12%	0%
Total Operating Expense Budget 2016	\$2,864,816	100%	-1%

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Preliminary 2017 Budget

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2017 Revenue Budget

	Anticipated <u>2017</u>	Anticipated <u>2016</u>	Realized <u>2016</u>	<u>Growth</u>	<u>% Inc</u>
Surplus Anticipated	770,000	840,000	840,000	-70,000	-8%
<u>Local Revenues</u>	<u>494,000</u>	<u>479,000</u>	<u>558,733</u>	<u>-64,733</u>	<u>-14%</u>
Fees and Permits	125,000	115,000	150,919	-25,919	-21%
Municipal Court	160,000	150,000	186,510	-26,510	-17%
Licenses	41,000	41,000	41,900	-900	-2%
Interest	64,000	74,000	68,310	-4,310	-7%
Franchise Fees	104,000	99,000	111,094	-7,094	-7%
State Aid	381,641	381,641	381,641	0	0%
UCC Fees	150,000	180,000	155,623	-5,623	-3%
Shared Services	10,000	10,000	10,000	0	0%
Grants	81,336	68,552	68,552	12,784	19%
Special Items	76,500	69,500	77,752	-1,252	-2%
Delinquent Taxes	134,500	170,000	221,087	-86,587	-51%
FEMA	0	0	0	0	0%
Raised by Taxes	<u>7,280,244</u>	<u>7,137,179</u>	<u>7,495,307</u>	<u>-215,063</u>	<u>-3%</u>
Total	9,378,221	9,335,872	9,808,694	-430,473	-5%

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Projected Borough Tax

Estimated - 2017 Avg 3.52% Assessed Value Increase

Home Valuation	Municipal Portion		Total Tax Effect	
	2017 Municipal	Dollar Increase	Total 2017	Dollar Increase
103,520.00	650.72	11.72	2,150.75	40.75
129,400.00	813.40	14.65	2,688.43	50.93
155,280.00	976.08	17.58	3,226.12	61.12
181,160.00	1,138.76	20.51	3,763.80	71.30
207,040.00	1,301.44	23.44	4,301.49	81.49
258,800.00	1,626.81	29.31	5,376.86	101.86
310,560.00	1,952.17	35.17	6,452.24	122.24
362,320.00	2,277.53	41.03	7,527.61	142.61
414,080.00	2,602.89	46.89	8,602.98	162.98
465,840.00	2,928.25	52.75	9,678.35	183.35
517,600.00	3,253.61	58.61	10,753.73	203.73
569,360.00	3,578.97	64.47	11,829.10	224.10
621,120.00	3,904.33	70.33	12,904.47	244.47
672,880.00	4,229.69	76.19	13,979.84	264.84
724,640.00	4,555.06	82.06	15,055.22	285.22
776,400.00	4,880.42	87.92	16,130.59	305.59
828,160.00	5,205.78	93.78	17,205.96	325.96
879,920.00	5,531.14	99.64	18,281.33	346.33
931,680.00	5,856.50	105.50	19,356.71	366.71
983,440.00	6,181.86	111.36	20,432.08	387.08
1,035,200.00	6,507.22	117.22	21,507.45	407.45

Average Assessed Home Value in Shrewsbury →

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Borough Tax History

	TAXES TO BE			cent	%
	RAISED	INCREASE	1 cent	inc	inc.
1999	3,357,884.26				
2000	3,578,044.00	220,159.74	42,421.00	5.19	6.56%
2001	3,925,189.00	347,145.00	44,093.85	7.87	9.70%
2002	4,226,481.30	301,292.30	45,187.41	6.67	7.68%
2003	4,431,440.63	204,959.33	78,684.57	2.60	4.85%
2004	4,740,636.53	309,195.90	79,198.77	3.90	6.98%
2005	5,064,001.72	323,365.19	79,133.25	4.09	6.82%
2006	5,405,764.34	341,762.62	79,625.44	4.29	6.75%
2007	5,763,338.91	357,574.57	80,742.34	4.43	6.01%
2008	6,052,972.72	289,633.81	81,213.86	3.57	5.03%
2009	6,062,972.72	10,000.00	81,367.93	0.12	0.17%
2010	6,268,019.26	205,046.54	80,816.66	2.54	3.38%
2011	6,268,019.26	0.00	79,158.75	0.00	0.00%
2012	6,393,226.78	125,207.52	79,026.83	1.58	2.00%
2013	6,393,226.78	0.00	100,000.00	0.00	0.00%
2014	6,553,387.00	160,160.22	100,000.00	1.60	2.51%
2015	6,634,309.29	80,922.29	107,445.60	0.75	1.23%
2016	7,137,179.20	502,869.91	111,872.00	4.50	7.58%
2017	7,280,243.65	143,064.45	115,817.58	1.24	2.00%
			Average Increase	cents	% Average Increase
9 years	2000-2008	299,454.27	4.73	6.71%	
9 years	2009-2017	136,363.44	1.37	2.10%	

Managing the Future Needs of the Borough

Key Management Objectives

Managing Debt

Manage a long Term Capital Program

Minimizing Operating Expenses

Future Planning Initiatives

- Hold the line on Operating Expenses
- Identify, implement, and invest in productivity enhancing management practices and equipment.
- Consider Outsourcing Opportunities
- Consider and evaluate Shared Services with other Borough and the County (not much success, but we need to keep trying)
- Prepare the community for what lies ahead with greater transparency and communication.

Develop Long Term Capital Program

- Manage the Capital Investment Programs of the Departments
- Spread investments over a period of time to reduce peaks in debt service
- Ensure investments are least cost option:
 - Pay off existing assets and sweat them while they are serviceable
 - Manage cost of maintenance v. replacement
 - Investigate outsourcing of tasks
- Continually investigate share assets with neighboring boroughs
- Forecast Capital Program on a rolling 5 year view with long term 25 year plan

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Debt service forecast for Next 10 years



Peak is 2019 - \$1,279,308 (17.5% of tax rate)
 2022 - \$ 966,820 (13.3% of tax rate)
 2023 - \$ 676,465 (9.3% of tax rate)

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Managing Future Needs

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Capital Program Current Year and 5 Year Projection

CAPITAL BUDGET (Current Year Action) 2017

PROJECT TITLE	PROJECT NUMBER	ESTIMATED TOTAL COST	2017	2018*	2019*	2020*	2021*	2022*
Center Police Equipment	1	55,000	10,000	35,000	10,000			
Fire Equipment	2	20,000	12,000	8,000		8,000		8,000
First Aid Equipment	3	30,000	15,000	15,000				
Municipal Complex Equipment	4	50,000	50,000			20,000		
Sweeper (our portion of \$225K with Oceanport - Shared resource)	5	80,000	80,000					
Mower/Ballfield Groomer	6	60,000	45,000	15,000				
Stainless Steel Spreader	7	20,000	20,000					
Improvement to Roads	8	1,250,000	300,000	400,000	550,000	400,000	550,000	250,000
Large Dump Truck with Plow and spreader	9						180,000	
Pickup Truck	10	35,000		35,000				
Trailer Jetter	11	30,000		30,000				
Improvement to Department of Public Works	12	15,000	15,000					
Rear Packer Truck	13							215,000
Projected Capital Improvements		1,645,000	547,000	538,000	560,000	428,000	730,000	473,000

* Future Years are for visibility – full cost benefit needs analysis needs to be completed before scheduled in current year budget.

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Managing Future Needs

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5 Year Road Plan (Projection)

PROJECT TITLE	DESCRIPTION	ESTIMATED TOTAL COST	FUNDING SOURCE	Project Committed & Approved (not executed)	2017	2018	2019	2020	2021
Improvements to Avenue at the Common	Roadway reconstruction; curb & sidewalk replacement; roadbed stabilization.	\$ 925,000	Capital	\$ 650,000					
			Grant + Toll Bros	\$ 275,000					
Improvements to Corn Lane	Resurfacing, curb & sidewalk replacement and drainage improvements.	\$ 150,000	Capital		\$ 97,500				
			Grant - Anticipated		\$ 52,500				
Improvements to Marc Court	Resurfacing, curb & sidewalk replacement and drainage improvements.	\$ 175,000	Capital		\$ 113,750				
			Grant - Anticipated		\$ 61,250				
Improvements to White Road	Resurfacing & Re-Striping.	\$ 75,000	Capital		\$ 75,000				
Improvements to Monroe Avenue	Resurfacing, curb & sidewalk replacement; culvert replacement.	\$ 300,000	Capital			\$ 195,000			
			Grant - Anticipated		\$ 105,000				
Improvements to North Monroe Avenue	Resurfacing, curb & sidewalk replacement.	\$ 130,000	Capital			\$ 84,500			
			Grant - Anticipated		\$ 45,500				
Municipal Complex Resurfacing	Resurfacing of driveways and parking areas.	\$ 125,000	Capital			\$ 125,000			
Improvements to White Street	Resurfacing, curb & sidewalk replacement; pedestrian safety upgrades.	\$ 680,000	Capital				\$ 442,000		
			Grant - Anticipated		\$ 238,000				
Improvements to Patterson Court	Resurfacing, curb replacement.	\$ 115,000	Capital				\$ 115,000		
Improvements to Obre Place	Resurfacing, curb & sidewalk replacement; pedestrian safety upgrades.	\$ 450,000	Capital					\$ 292,500	
			Grant - Anticipated		\$ 157,500				
Improvements to Allen Street	Resurfacing, curb & sidewalk repair.	\$ 85,000	Capital				\$ 85,000		
Improvements to Glorney Street	Resurfacing, curb repair.	\$ 45,000	Capital				\$ 45,000		
Improvements to Trafalgar Place	Resurfacing, curb & sidewalk installation and drainage improvements.	\$ 365,000	Capital						\$ 237,250
			Grant - Anticipated		\$ 127,750				
Improvements to Penbrook Court	Resurfacing, curb & sidewalk installation and drainage improvements.	\$ 85,000	Capital						\$ 85,000
			Grant - Anticipated		\$ 29,750				
Improvements to Wakefield Court	Resurfacing, curb & sidewalk repair.	\$ 115,000	Capital						\$ 115,000
			Grant - Anticipated		\$ 40,250				
Improvements to Regent Drive	Resurfacing, curb & sidewalk repair.	\$ 195,000	Capital						\$ 126,750
			Grant - Anticipated		\$ 68,250				
TOTALS		\$ 2,884,250	Capital	\$ 650,000	\$ 286,250	\$ 404,500	\$ 557,000	\$ 422,500	\$ 564,000
			Grant	\$ 275,000	\$ 113,750	\$ 150,500	\$ 238,000	\$ 157,500	\$ 266,000

NOTE: Council works to maximize use of Grants to reduce our cost of Road Projects – which often requires acceleration or delay in road project associated with availability of grants (we constantly monitor available grants). This is balanced with the safety needs of the Borough and Residents regarding timing of the projects. 22



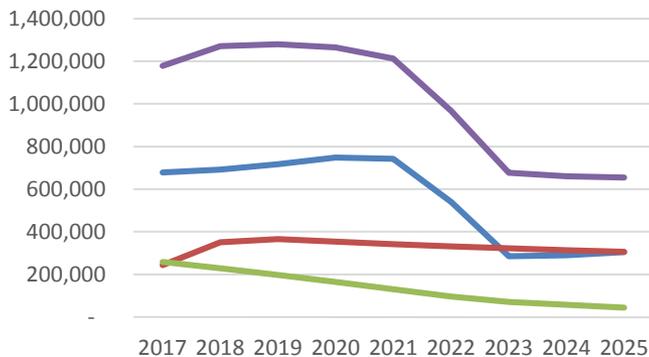
Future Expenses – High on Radar

Health Care Expense

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Active Health	\$617,460	\$648,333	\$680,749	\$714,787	\$750,526	\$788,052	\$827,455	\$868,828	\$912,269	\$957,883
Retires Health	\$337,116	\$375,759	\$480,522	\$610,503	\$613,151	\$714,065	\$805,383	\$864,713	\$907,949	\$953,347
Dental, Vision, Life, Medicare	<u>\$145,500</u>	<u>\$149,066</u>	<u>\$154,079</u>	<u>\$160,141</u>	<u>\$162,852</u>	<u>\$166,613</u>	<u>\$170,625</u>	<u>\$174,490</u>	<u>\$177,607</u>	<u>\$180,379</u>
Total	\$1,100,075	\$1,173,158	\$1,315,350	\$1,485,430	\$1,526,529	\$1,668,730	\$1,803,463	\$1,908,031	\$1,997,826	\$2,091,609

Assumptions: 10 Additional Retires over the next 10 years

5% increase on average for Health Care Premiums



Debt Budget

- Get over the “Peak” with as little impact to taxes as possible
- Manage debt burden to reasonable Levels going forward
- Forecast 25 Debt/Capital Plan – forecast when we can afford to purchase -> Hold the line on Must/Required purchases verse Want to Have
- Tie purchases to services delivered and/or cost avoidance
- Manage Road Improvements to avoid complete rebuilds – and tie spending to Federal/State/County Grants

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Q & A

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Thank You!