

In Englishtown: Officials, Residents Ponder Merging with Manalapan

Thursday, April 30, 2009

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Asbury Park Press

ENGLISHTOWN -- Rebecca Szabo knows the borough has money troubles, but she doesn't believe a merger with Manalapan is the answer.

"My reason is more emotional than financial," Szabo, owner of Creative Sew and Sews on Main Street, said. "Englishtown has such charm and an identity to it. If it merged with Manalapan, then all that charm would be lost. It would be a total identity crisis."

It's an emotional issue for many business owners and residents, it seems, in this small town dotted with Colonial-era homes and historic sites. But the numbers, some officials say, just don't add up anymore, and a merger may be their only option.

"We are truly facing bankruptcy in 2010," Councilwoman Jayne Carr said.

Experts have long pondered whether consolidating New Jersey's 566 municipalities would save significant tax dollars. That has been an academic exercise for decades as public officials and voters have shown strong favor for preserving small towns and a culture of home rule.

But the critical cash shortage in this quaint borough of 1,200 residents — many of whom remember when Englishtown was the central business hub for surrounding farm communities — shows that talk of merging municipalities can no longer fall on deaf ears.

Last year's revaluation resulted in property tax bills doubling for many homeowners with older homes and almost tripling for commercial buildings in the older section of the business district. Any more weight put on the business owners and they may shutter their doors, Carr fears, leaving the residents to shoulder a crippling tax load.

Carr argues that Englishtown's historic appeal and charm would not lessen with a consolidation. The downtown could get stronger if it became the central business district for both towns, as some have imagined.

"If we go bankrupt, we may become more historic, but we won't be quite as charming," she said.

Joseph Youssouf, the borough attorney, noted that a municipality cannot run out of money because it is a taxing authority. The elected officials, though, may run out of will to tax residents more than they think they can afford.

Some may have reached that point.

The Borough Council announced March 25 it would put a referendum on the November ballot to ask residents if they want to merge with Manalapan. The announcement was made prior to the council's introduction of a \$1.9 million budget that essentially relied on deferred pension and school tax payments to ward off a double-digit tax hike. The proposed budget includes a 4-cent tax rate increase.

Mayor Thomas Reynolds called Manalapan Mayor Richard Klauber a few days after the budget vote to explain why such comments were made at the meeting.

Klauber said last week he is not opposed to a merger if it benefits both towns. He said each town

would have to form a subcommittee to explore the potential benefits and liabilities, and work together to figure out how to meld resources before the public is asked to vote on the matter.

"This is a major decision, and the residents need all the information they can get" before going to the polls, Klauber said. "It's very speculative right now."

It may become a foregone conclusion, however, if legislation that would force so-called doughnut municipalities to absorb the doughnut-hole towns they surround becomes law. The bill, sponsored by Assemblyman Reed Guscoria, D-Mercer, would require consolidation of these 29 towns within 10 years.

Reynolds said last week the matter will be discussed at an upcoming council meeting. He was evasive when asked his opinion, only saying that he will poll the council to determine whether the majority still wants to take action. He added both towns would need incentives from the state to make this happen.

Lisa Ryan, a spokeswoman for the state Department of Community Affairs, said there has been only one merger in recent history. Warren County's Pahaquarry Township merged with Hardwick Township in 1997. DCA provides technical assistance, study grants and financial aid during the consolidation process.

Lisa Vasselli and her friend Lianne Procanyn, both 39-year-old Manalapan residents, were having ice cream with their daughters at Four Boys Ice Cream and Luncheonette on Tennet Avenue on a recent afternoon when they were asked their opinion on consolidation.

Vasselli said she would support a merger if it could save money without sacrificing essential services. By combining forces, she mused, "maybe they could do more for the kids."

Procanyn agreed that the concept is worth exploring if the government can figure out how to save money. "There's so much wasteful spending," she said.

Ray Masoud, 57, owns the Main Street Deli in his hometown of Englishtown. He said a merger would be "the easy way out." He prefers the council find ways to cut costs. Yet, he doesn't want the Police Department disbanded, even though it's the town's greatest expense.

"This is a safe town because of the cops," he said, with an officer and his family sitting within earshot of the conversation.

The slippery slope

Councilwoman Janet Leonardis has been reviewing Englishtown's municipal budgets for nearly three decades, and she noticed a trend: Each time the town teetered near the edge of red, a new housing or commercial development was built and a little extra money was thrown into the coffers.

Now, the town is almost built out, the surplus has been nearly depleted and revenues, including state aid, have plummeted. Officials acknowledge they relied too heavily on the borough's water utility to pay employees, and the state is requiring them to replenish those funds over the next two years. (Residents can expect the equivalent of a 2-cent tax hike in this year's water bills and another 8-cent hike next year, Leonardis said.)

Under its proposed budget, Englishtown's municipal tax rate for 2009 would be 36.7 cents per \$100 of assessed value. The average homeowner with a home assessed at the borough average of \$330,000 will pay \$1,188 in municipal taxes alone.

Manalapan has yet to introduce its 2009 municipal spending plan. Last year's rate was 28.4 cents. The average homeowner with property assessed at \$430,000 paid \$1,221.

"The 2009 rates for Englishtown are just smoke and mirrors and the last of the parlor tricks were applied," she said. "It is the 2010 rate that will be all telling."

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