



Dear Neighbor:

It seems you can't pick up a newspaper without reading about the fiscal crisis the State of New Jersey is facing. The unfortunate truth is the State's crisis impacts your local property taxes. The extent of the crisis cannot be sugarcoated - there are no quick fixes and the Town of Westfield will feel the impact for years to come. As your Mayor, it is important that I communicate the facts to you as well as reassure you that the Town has been working very hard to maximize efficiencies and minimize spending while continuing to deliver the services the residents have come to expect. ***Keep in mind that this discussion applies only to the portion of your property taxes that the Town Council manages, historically around 17% of the total property taxes that you pay.***

Given the current economic climate, you may have heard the term "reinventing government" used to describe the course of action local governments must take in order to survive the State's fiscal woes. I can assure you that my administration began to "reinvent government" the day I took office, not in reaction to the State's looming economic woes, but simply because it was and is the right thing to do.

Every single line item of the municipal budget has been scrutinized to identify and implement every conceivable efficiency. The positive results of our year-round efforts will be realized for many years to come. Nowhere is this more evident than in the area of personnel costs. For instance, staffing levels for each department have been evaluated and headcounts have been reduced where possible. Since 2006, 8 full-time positions have been reduced to 8 part-time positions, 3 full-time positions have been eliminated, and 2 part time positions have been eliminated, saving taxpayers approximately \$350,000. In addition, effective collective bargaining negotiations and staff reductions have yielded modest increases in the salaries and wages line, the aggregate total up only 5.1% since 2006. Effective collective bargaining negotiations, along with negotiated plan design changes, has also contributed to keeping rising medical insurance costs in check. In a 3-year period, insurance costs have increased an average of only 3.41% per year at a time when the market rates were increasing between 12% and 15%.

In addition to controlling as many costs as possible, the Town's financial plan includes enhancing revenues, sharing services and limiting debt. In the past year, for example, the Town received \$604,000 in grants to offset the cost of items such as police radios, generators for the Fire Department, and new State-mandated playground equipment. The Town shares several services with neighboring municipalities, the largest being the inter-local agreement with 8 other municipalities to provide regional public health services, and utilizes purchasing coops to take advantage of pre-negotiated volume pricing for goods and materials. The Town also employs a "pay as you go" approach to its fiscal management decisions resulting in the level of debt service at a low 8% of the amount permitted by law. Unlike the State, the Town does not "borrow" to balance its operating budget. (The Town only borrows to appropriately fund long-term capital improvement projects.)

For the 2008 fiscal year, the Town began the budget process facing a reduction of \$411,000 in the Consolidated Municipal Property Tax Relief (CMPTRA) funding, commonly referred to as State Aid. This is a bitter pill to swallow because we all know that *a State budget reduction is not property tax relief when the very appropriation that is "cut" are those funds specifically earmarked to offset local property taxes.* (\$24,000 of that amount has since been "restored".) Combine this cut in revenue from the State with the increases in State-mandated expenses (such as the funding level for the Westfield Memorial Library and public employee pension contributions) and non-discretionary costs (such as those assessed by the Rahway Valley Sewage Authority to pay for court-ordered improvements to its infrastructure), up 12.45% over last year, and the impact on the local taxpayers becomes evident.



Public employee pensions in particular are a revealing case in point. It is the State of New Jersey, not local practice, that currently requires every non-seasonal public employee earning over \$1,500 per year and not receiving another State pension to belong to the applicable State pension plan. While employees do contribute a percentage set by the State of their wages to their pensions, the State of New Jersey also sends Westfield a bill for the contribution the State determines the Town must make.

Though we are no doubt in the throes of very challenging economic times, I do have some good news to share with you. The State of New Jersey is at last hearing the collective cries of mayors and property taxpayers alike. The State is finally beginning to recognize the tremendous burden its mandates and policies place on municipalities and, in turn, the property taxpayers. For example, legislation was recently enacted that empowers the Library Board of Trustees to transfer surplus funds back to the municipality for direct property tax relief under certain conditions. As I write this, pension reform legislation is awaiting the Governor's signature into law. While these are very small steps of a very large staircase that needs to be climbed, they are nevertheless steps in the right direction. I was fortunate to have had the opportunity to travel to Drumthwacket, the Governor's residence in Princeton, to interview Governor Corzine about the State budget and its impact on municipalities like Westfield for my TV36 show, *Hometown*. I hope you have had the opportunity to view the broadcast. It is also available for viewing on the Town's website, www.westfieldnj.gov.

Despite all of the progress the Town of Westfield has made "reinventing government", we will continue to be challenged by the State's long-term fiscal crisis, so we cannot and will not rest on our past laurels. I want to reassure every Westfield resident that I am, along with the other Town officials and our dedicated professionals, working very hard to confront the budget challenges before us to ensure that Westfield residents receive the best possible services at the lowest possible cost.

Sincerely,



Andrew K. Skibitsky

Where does your tax dollar go?



17¢ to the Town of Westfield

17% of the property taxes collected are retained by the Town of Westfield to provide municipal services.



21¢ to the County of Union

21% of the property taxes collected are sent to the County of Union. This part of your tax bill is controlled by your elected representatives on the Union County Board of Chosen Freeholders.



62¢ to the Westfield School District

62% of the property taxes collected are sent to the Westfield School District. This part of your tax bill is managed by the Board of Education. The school tax levy is submitted to the voters for approval every April. On April 15, 2008, Westfield voters approved the 2008-2009 School Budget.