



From the Desk of Mayor Andy Skibitsky

September 26, 2010

Dear Neighbor:

Enclosed is your certified property tax statement. Your 4<sup>th</sup> quarter taxes are due on November 1, 2010 with a 5 calendar day grace period. If you have any questions regarding when your taxes are due, please do not hesitate to contact the Tax Collector by phone (908-789-4051) or via e-mail to taxcollector@westfieldnj.gov.

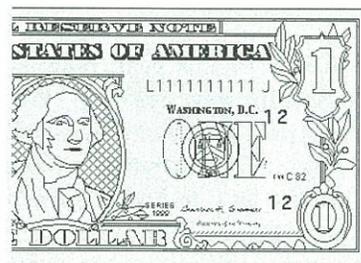
As a taxpayer myself, I understand how important it is to know how your tax dollar is distributed. While the Westfield Town government is charged with the responsibility of collecting property taxes, the Town does not keep everything it collects. In fact, it keeps the least amount to pay for municipal operations - only 18% of what it collects, or just 18¢ of each dollar.



18% of the property taxes collected are retained by the Town of Westfield to provide municipal services.



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.



61% 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 20, 2010, Westfield voters approved the 2010-2011 School Budget.

And what does the Town do with the 18% share? The Town must stretch its share of the tax dollar to provide numerous municipal services to its residents, including, but certainly not limited to:

- ✓ police protection
- ✓ fire fighting and prevention services
- ✓ pressurized fire hydrants
- ✓ senior transportation
- ✓ school crossing guards
- ✓ Westfield Memorial Library
- ✓ public health services
- ✓ maintenance of 380 roads
- ✓ leaf collection and disposal
- ✓ 10 municipal parks
- ✓ electricity for street lighting
- ✓ snow plowing
- ✓ recreational programs and facilities
- ✓ curbside recycling
- ✓ sewage and wastewater management
- ✓ conservation center
- ✓ municipal court
- ✓ administrative/statutory functions such as
  - tax collection
  - tax assessment
  - engineering
  - building inspection
  - planning & zoning
  - voting
  - vital statistics

One of the reasons I entered public service is that, as a business executive and a fiscal conservative, I am of the belief that cost efficiencies must be relentlessly pursued. In 2006, during my first budget cycle as Mayor, it was clear to me that state and local spending levels were on an unsustainable course, and so began the pursuit of “doing more with less”. In 2006, the largest chunk (48%) of the budget was allocated to salaries and wages, so it was simple logic that one of the first steps to sustainability had to be reining in the largest expense. Since 2006, through reorganization, reallocation of the workload, attrition and layoffs, 18 full-time positions have been eliminated, 17 part-time positions have been eliminated, 8 full-time positions were reduced to part-time positions, and 6 full-time positions were funded outside of tax dollars. Salaries and wages have now been reduced to 41% of the municipal budget. Let me pause here to say a few words about the employees of the Town of Westfield. In perhaps the most difficult economic

climate in decades, the employees understood the severity of the budget situation and really came through for the residents. All 5 collective bargaining units in town as well as all non-union employees contributed to preserving services and easing the tax burden on the residents. From 0% raises to “givebacks” to furloughs, I applaud their cooperative spirit.

At this point, the big question that I am sure you are asking yourself is, with all the success in reducing expenditures over the past 4 years, why do property taxes rise at all? Keeping in mind that this discussion relates only to the 18% of the property taxes that the Town retains, the answer is in two parts. First, there are the statutory/required expenditures that the Town does not entirely control but is obligated to pay, such as the state-mandated library appropriation and the Rahway Valley Sewage Authority assessment. In 2006, the statutory/required expenditures comprised 29% of the municipal budget. This year, these same expenditures comprise 42% of the budget. Second, the budget consists of not just an expenditure side, but a revenue side as well, and not all revenues to support the budget are raised by taxation. In fact, in 2006, 44% of revenues received were from non-tax sources. Because of the downward trend in non-tax revenue receipts over the past 4 years, including significant reductions in state aid, non-tax revenues now comprise just 35.25% of the budget. Even with the budget cuts made on the expenditure side, when non-tax revenues decline and non-discretionary costs rise, the tax levy (the difference between anticipated non-tax revenues and anticipated expenditures) is impacted, which leads us to the next subject – “the cap”.

Since its passage in July of this year, nothing has caused more confusion, and possibly more hope, for property taxpayers than the new 2% “cap” law. A form of a “cap” has been in existence since 1976 when New Jersey dedicated proceeds from the state income tax to the Property Tax Relief Fund. To make sure that the tax relief revenues distributed to municipalities were used to offset existing costs and thus ease the need to raise the tax levy to balance the budget, a “cap” was imposed on municipal spending (with certain allowable exemptions referred to as expenditures “outside of the cap”, such as the mandated funding levels for public libraries). In 2006, the State imposed an additional cap, but not on the expenditure side of the budget; rather, a 4% cap (with allowable exemptions) was imposed on the tax levy. The 4% cap on the tax levy is currently in effect. Beginning with the 2011 budget, the new 2% cap (with fewer exemptions) on the tax levy will apply.

While I am very concerned about the impact the reduction in state aid has had (and will have) on the revenue side of the municipal budget as well as the difficult decisions it will take to meet the new 2% cap on the tax levy in 2011, I am also acutely aware that in order to restore fiscal sustainability for the long term, the State can no longer put off the decisive action needed nor can it continue to spend money that it doesn’t have. The Governor has proposed a “Municipal Toolkit” that is intended to provide municipalities with meaningful tools to limit the negative impacts of the cuts in state aid. The Town Council passed a resolution in August calling for the passage of the Governor’s toolkit reforms and mandate relief proposal.

Please be assured that I am, along with the other elected officials and our dedicated professionals, committed to seeing this wonderful town through these difficult times. We will continue to work together to preserve as many services as possible with the finite funding allowed. I remain available to personally meet with residents during my Saturday morning office hours. If you would like to arrange an appointment, please call my office (908-789-4041). Joan, my Executive Assistant, will be happy to help you.

I appreciate your time and I look forward to seeing you around town.

Sincerely,

