



From the Desk of Mayor Andy Skibitsky

September 21, 2012

Dear Neighbor:

Enclosed is your certified property tax statement. Your 4th quarter taxes are due on November 1, 2012 with a 5 calendar day grace period. If you have any questions regarding when your taxes are due, please 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, nor does it have control over, everything it collects. In fact, it only keeps 16.9% of the taxes it collects to pay for municipal operations. To be clear, the Town keeps less than 17¢ of each dollar it collects in order to provide numerous municipal services and statutory functions to its residents.



- | | | |
|---|--|-----------------------------|
| ✓ police protection | ✓ electricity for street lighting | Statutory functions such as |
| ✓ fire fighting and prevention services | ✓ snow plowing | ✓ tax collection |
| ✓ pressurized fire hydrants | ✓ recreational programs and facilities | ✓ tax assessment |
| ✓ senior transportation | ✓ curbside recycling | ✓ engineering |
| ✓ school crossing guards | ✓ RVSA (sewage & wastewater) | ✓ building inspection |
| ✓ public health services | ✓ stormwater management | ✓ planning & zoning |
| ✓ maintenance of 380 roads | ✓ conservation center | ✓ voting |
| ✓ leaf collection and disposal | ✓ town tree maintenance, and | ✓ vital statistics |
| ✓ 10 municipal parks | | ✓ municipal court |

If the Town only keeps slightly less than 17¢ on the dollar, where does the remaining 83% go?



1.7% of the property taxes collected are dedicated to the Westfield Municipal Library. Effective March 21, 2011, the State of New Jersey enacted P.L. 2011, c.38 (S-2068), which transferred the mandatory public library appropriation from being reported as part of the municipal budget to a new and separate line on the certified property tax statement. By state law, the financial management of the Westfield Memorial Library is under the control of the Library Board of Trustees.



22.3% 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 (www.ucnj.org/government/freeholders). The County of Union budget is posted on their website at:

<http://ucnj.org/wp-content/uploads/2012/04/2012-Budget1.pdf>



59.1% of the property taxes collected are sent to the Westfield School District. This part of your tax bill is managed by your elected representatives on the Board of Education. The District's budget is posted on their website at: www.westfieldnj12.org

Each year, I have included a letter with your property tax statement to provide as much information as space allows about where your tax dollars go as well as to highlight some of the factors that affect the municipal portion (16.9%) of your tax bill. My past letters as well as the 2012 municipal budget in its entirety and in the format required by the State are available for your review on the Town's website, www.westfieldnj.gov (select "Municipal Budget" under "Quick Links"). This year I will focus my discussion on the areas that I have received the most questions and comments about - the 2% cap, controlling the rise of property taxes, and the sewer user fee.

Let me begin with an explanation of the 2% cap and the tax levy. The tax levy is simply the difference between anticipated non-property tax revenues and anticipated expenditures, or the amount needed to balance the budget (non-property tax revenues - budgeted expenditures = tax levy). In its simplest terms, the "cap" law states that the tax levy cannot be raised more than 2% over the prior year. The law, however, recognizes that there are some costs that may be preset or beyond local control, such as debt service costs or deferred charges for emergencies, and therefore does provide for limited exemptions from the 2% cap. For 2012, in accordance with the State's cap law, the Town was approved for a maximum tax levy of \$25,120,242 which includes the 2% cap plus State approved exemptions. The Town's 2012 operating budget included an actual tax levy of \$24,938,065, so the Town is, of course, in full compliance with the law.

Regarding the control of property taxes, please keep in mind that this discussion applies only to the municipal portion (16.9 %) of your property taxes. In past letters, I have highlighted the many efforts taken over recent years to bring spending down to sustainable levels while at the same time preserving municipal services and fulfilling the Town's statutory functions. These efforts are ongoing. For example, the Town recently refinanced outstanding bonds at a substantially lower interest rate, yielding a savings to the Town of over \$180,000 over the next five years. There are, however, 2 sides to the municipal budget – the revenue side and the expenditure side. While we have accomplished much on the expenditure side, the significant decline in non-property tax revenues in recent years has proven to be an extraordinary challenge in balancing the budget. Looking back to 2006, my first budget as Mayor, 44% of the municipal budget was funded with non-property tax revenues. In 2012, 32.5% was funded with non-property tax revenues. "CMPTRA" funding is just one example of the severity of this downward trend. In 2006, Westfield received \$1,804,619 in Consolidated Municipal Property Tax Relief Act ("CMPTRA") funds from the State of New Jersey. In 2012, the Town received \$361,498. To illustrate the impact of declining non-tax revenues on the tax levy, consider that in 2009, the municipal operating budget totaled \$39,654,044 and was funded with non-property tax revenues of \$16,229,338 plus the property tax levy of \$23,424,805. In 2012, the municipal operating budget totals \$36,953,963 and is funded with non-property tax revenues of 12,015,882 (which includes the sewer user fee) plus the property tax levy of \$24,938,065. Even though there were spending cuts on the expenditure side to reduce the overall budget, in applying the tax levy formula, the property tax levy increases because of decreases in other revenues.

I mentioned that the sewer user fee is included in the revenue side of the municipal budget. Details of this fee ("Frequently Asked Questions") were mailed to every property owner and are available for your review on the Town's website, www.westfieldnj.gov (select "Municipal Budget" under "Quick Links"). It needs to be clarified here that the Town is still paying the bulk of the \$3.6 million 2012 RVSA bill. The \$1.3 million anticipated to be collected from property owners was necessary to add to the revenue side of the budget and comply with the 2% cap. Further, the Town merely serves as the collection agency for this independent utility authority. The RVSA is not a true municipal service in that the Town does not own or control the waste collection infrastructure and treatment facilities nor does it employ the RVSA employees. In the past, when the aggregate RVSA bill was more manageable (it was under \$1 million in 2000), the Town paid it in its entirety. As the FAQs explain in detail, the Town no longer has the revenues to fully subsidize this utility that services primarily private properties.

Like most entities, public or private, Salaries and Wages comprise the largest piece of the Westfield municipal budget pie. For 2012, the aggregate Salaries and Wages line is actually slightly less than it was in the 2005 budget. Mostly through attrition, assignment efficiencies, and reasonable bargaining unit agreements, the Town's workforce has been responsibly reduced by 20% since 2005. Much to their credit, 3 of our 4 labor unions – the Teamsters, the Communications Workers of America, and the Police Benevolent Association – renegotiated in good faith and ratified new contracts in 2012 that will serve both their members and the taxpayers fairly, as well as enable the Town to continue to provide the best services possible. I expect similar results from the Firemen's Mutual Benevolent Association whose contract expires at the end of this year. Although the workforce has been reduced, I want to assure residents that public safety remains at the forefront of our priorities. Most of the current salaries and wages line is reserved for our public safety professionals. You may be interested to know that the Police Department employs 52 police officers plus the Chief, 5 public safety dispatchers, 5 traffic enforcement officers, and 49 crossing guards. So far this year (to August 31), the Police Department has responded to 28,542 calls. The Westfield Fire Department, one of the 25% of paid departments in the State (the remaining 75% are all volunteer departments), employs 28 fire fighters, a Chief and a Deputy Chief. So far this year (to August 31), the Fire Department has responded to 878 calls, 301 of which were false alarms, 2 were house fires and 1 was a commercial building that housed several businesses. The Town is very fortunate to have dedicated and highly trained police officers and fire fighters watching over us 24/7, 365 days a year.

I am very confident that we have succeeded in setting the foundation for long-term sustainability. Though tough decisions had to be made along the route, we are on the right course and the future looks bright. The Town Council and I are committed to preserving the distinct character of the community and advancing the quality of life residents expect, no matter the challenge. I realize that it is not possible to address all the complexities of municipal budget matters on a single page, so I remain available to personally meet with you during my Saturday morning office hours. If you would like to schedule an appointment, please call my office (908-789-4041) and we will be happy to help you.

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

