

MAYOR'S MESSAGE

JULY 2008

In our 2008 Budget, we have experienced significant increases that are outside of our control and are causing significant stress to our budget. Our mandated contributions to state employee pension plans have increased by nearly one quarter of a million dollars as the state continues to work its way out of a pension mess created decades ago. The borough incurred a half million dollars in emergency and clean up costs during last April's Nor'easter with **NO** Public Assistance from FEMA or reimbursement from the State government. We are required to increase funding to our library and the sewer authority. Cost of insurance and fuel continue to rise beyond our control. These few forced and uncontrolled items alone account for over \$700,000.00 of increase in a budget that has a TOTAL spending increase of just over \$900,000.00.

If you notice, I made no mention of Debt Service or Capital Improvement Projects in the above analysis. I did that to show that, contrary to occasional rumors around town, the new municipal complex is not the stress on the budget it is perceived to be. If, however, we were to remove the costs of our debt and anticipated capital improvements from the equation, the remaining spending increase this year is only \$22,000.00. Salaries have increased less than 1 ¼ percent this year and all other spending which we have some control over have actually decreased by \$46,000.00.

Basically what all of this means is that after State mandated pension contributions, increases to insurance, fuel and library costs, funding for the flood and an increase from TBSA, the borough government controlled tax increase is less than 3 tax points of a total 13 point increase.

Amazingly, however, we are faced with a tremendous tax increase. On top of the above mentioned spending increases, we are confronted with a great loss of funding from the State of New Jersey this year. The Governor intends to cut spending in the state's budget. As a local elected official, I know that cutting spending on the state level means less funding for municipalities. In turn, we are forced to fund these cuts through increasing your property taxes. All this accomplishes is to replace a progressive tax with a regressive tax. We have all known for quite some time that New Jersey is in financial difficulty. There are many reasons and many people who have contributed to the situation we find ourselves in the State of New Jersey. Difficult decisions must be made by those who lead us; however, the Governor's effort to solve the State's problems by penalizing many small municipalities such as Lincoln Park is placing a huge burden on us at the municipal level.

How much of a burden is yet to be seen. Currently Lincoln Park stands to lose a great deal in funding from the state which we have received in the past. The current tax bills use an estimated rate as we await the final decision on the budget from Trenton. If the Governor holds firm in cutting our money and our application for extraordinary aid is not approved, the municipal budget may be revisited. In a town where much of our ratable property is already developed, the current state budget cut would put us in a position where we may be forced to cut essential services to our residents. We are hopeful that we will be able to find a way to minimize your tax burden while at the same time continue to provide you with the services you desire and keep Lincoln Park one of the best places to live in New Jersey.

The governor has asked for assistance by encouraging the public to send him ideas regarding State spending cuts. You can do this by visiting the governor's website <http://www.nj.gov/governor/citizeninput/>. I, too, would like to encourage your ideas. If you

have a suggestion on how we can make changes to our spending, or any thoughts for services please feel send them to residentideas@bolp.org.

On a final note, none of the above analysis or reasoning should be taken to be that I or any of the officials you have elected are comfortable with the budget increase we are confronted with. We also pay property taxes and an increase affects us just as much as any resident of town. Rest assured that we will do whatever we can to present a manageable budget this year and make sure that future budgets are not unnecessarily troubled.

Dave Runfeldt