



Office of the Mayor and Borough Council

August 2010

Dear Neighbors,

As we developed last year's municipal budget, careful consideration was given to the challenges we expected to face in 2010. Difficult decisions about staffing levels, programs, and services were made in 2009 to help minimize the impact of the economic climate anticipated for this year. This allowed the Borough to keep the 2010 municipal tax increase below four percent without the need for service reductions.

As projected, New Providence faced formidable challenges in 2010.

- Reduction of State-aid: \$367,000
- Reduction in commercial property tax revenue due to tax appeals: \$125,000
- Rising contractual costs, (police salary increases from previously negotiated contract): \$98,965
- Higher pension liabilities passed on by the State: \$65,120
- Increased debt service, including retirement of existing debt to eliminate payments in future years: \$272,000
- Increased health insurance costs to maintain contractually mandated benefit levels: \$72,000

To help minimize the municipal tax impact, non-union employees received no salary increase. The Borough also delayed the replacement of one employee who retired and reduced overtime and other employee expenses. All non-contract and DPW employees now contribute to their health insurance costs.

Due to these and other cost saving measures, municipal spending appropriations are \$148,651 less than our 2009 budget. The 3.9% municipal tax increase for 2010 is primarily due to loss of revenue of 6.64%, principally from reduction in State-aid payments, lower commercial property tax revenues and reduction in construction fees.

When reviewing the enclosed tax bill, please note that the *Mayor and Council only have direct control over the municipal portion of your taxes*. The School tax is the result of the annual school budgeting process. The County tax is the result of the passage of the County budget by the Union County Freeholders. An approximate breakdown by percentage (and amount for average assessed home) for each portion of your total tax bill is as follows:

- 18 % - Union County (\$2049.)
- 22 % - New Providence Municipal Services (\$2509.)
- 60 % - School District (\$6824.)

Despite the difficulties caused by lower revenue in 2010, the Mayor and Borough Council recognize the importance of maintaining and investing in our infrastructure. This year, some initiatives include:

- Pipeline maintenance and equipment replacement for our Sanitary Sewer System
- Renovation of the Lincoln Center gymnasium
- Funding additional road re-pavement projects
- Replacement of Roof at the Senior Center

It is also important to keep in mind that Borough property taxes include sewer services and garbage removal. In many neighboring towns, these items are paid separately by homeowners.

The following table illustrates the eleven-year change in the municipal tax portion for the average assessed home in New Providence. The average assessment of \$280,000 equates to a market value of approximately \$550,000.

Assessed Value	\$280,000.00
2010 Tax	\$2,509.00
1999 Tax	\$1,692.00
Total Eleven Year Increase	\$817.00
Eleven Year Average	\$74.27

Beginning with the 3rd quarter tax payments, we will utilize the services of PNC Bank to process **current** tax payments. While tax payments can be made at the municipal center, we appreciate your assistance by utilizing the new service. The new mailing address is listed on the front of the bill, with mailing labels enclosed for your convenience. The original tax stub **must** be enclosed with the check. Unfortunately, payments received without the original stub will be rejected. Delinquent payments must be mailed to 360 Elkwood Ave., New Providence, NJ 07974

As we look to 2011, we expect to face similar challenges. We recognize that government's ability to provide services will be further challenged by the economic climate and the limits of the new 2% tax cap. You can be assured that we will continually strive to maintain the excellent services you deserve while carefully scrutinizing every expense.

Mayor John Thoms

Julia MacDermott, Council President
Armand Galluccio, Councilman
Brooke Hern, Councilman

James Cucco, Councilman
Michael Gennaro, Councilman
Vince Vyzas, Councilman

PS - We welcome you to visit our new web-site: www.newprov.org for the latest news and information about New Providence.