

**Committee Meeting – JULY 21, 2008**  
**MAYOR’S REPORT**

**2008 MUNICIPAL BUDGET:**

The 2008 municipal budget process has been difficult and challenging for Barnegat Township. With the recent enactment of the tax levy cap along with a “perfect storm” of adverse economic conditions both at the local and state level, this budget attempts to achieve a delicate balance between not placing any additional financial burden on our taxpayers while yet at the same time, maintain and if possible, improve the delivery of municipal services.

The manner in which local governments operate in New Jersey must radically change in order for them to survive from a financial perspective. At the last meeting, I stated that the Township must take bold steps in order to maintain and stabilize taxes in Barnegat. While I do not always agree with Governor Corzine on budget issues, the one (1) item I do concur with is that local government must look at property taxes as one (1) single tax instead in a haphazard, piece meal fashion. The Board of Education and the County have an impact on the taxpayers of Barnegat and as a result, all three (3) taxing entities must coordinate and work together with respect to the overall tax rate. I am pleased to announce that substantial progress has been made with the Barnegat Board of Education in establishing real shared service programs that realize both financial and operational benefits for the community.

2008 represents a year in which mandates from the state had an unfavorable impact on Barnegat’s municipal budget. A couple examples are as follows:

**1. State Pension Program**

For 2008, the Township had to allocate an additional \$295,000 for pension cost. This was on top of a \$158,000 increase in experienced in 2007.

**2. State Aid Reduction**

As we all know, the state cut municipal aid this year. Barnegat received approximately \$174,000 less in state aid this year when compared to last year.

Between the increase in pension cost and the loss of state aid, the Township started the 2008 budget process roughly \$470,000 in the red. Coupled with the sky rocketing increases in fuel and utilities cost, Barnegat Township could no

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longer could absorb these escalating cost with out a corresponding tax rate increase. Since 2003, municipal property taxes in Barnegat have only gone up roughly six (6) cents. To realize this achievement, Barnegat had to utilize much of its reserves in order to keep its tax rate stable.

For 2008, the Township has taken or will take the following steps to maintain fiscal integrity while at the same time not jeopardize municipal operations. I would recommend the following broad based recommendations

1. Keep all “other expense” allocations at the 2007 funding level. Increases will be permitted only if a strong justification is provided, there is a regulatory requirement or the cost of the service has increased in 2008 (like gasoline and utilities).
2. Implement a hiring freeze. Exceptions would be limited to filling vacancies, hiring of part time or seasonal help.
3. Develop a capital spending program that will not increase net debt of the Township. Capital spending will be limited to the amount of debt being retired, which is roughly \$750,000 per year.
4. Development of a retirement incentive program for Township employees.
5. Consideration to switching health care providers.

Our administrator will go over in greater detail the 2008 municipal budget along with the steps being implemented or considered to stabilize municipal cost.

This introduced budget reflects a five (5) cent increase on the municipal tax rate. Overall, taking into account the entire tax bill in Barnegat, it appears that property taxes in Barnegat will increase by 1.4 cents, which on an average assessed house in Barnegat of \$312,000, would reflect an increase of \$43.68. or \$3.64 per month. While I am not pleased with any tax rate increase, in today’s world of escalating prices, along with the Township holding the line on taxes during for four (4) out of the last five (5) years, we must come to the realization that like many other New Jersey communities, tax rate increases are a necessary evil.

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**OTHER EVENTS:**

Some events coming up this weekend that you may want to attend are;

- 1. Kourage for Kyle Day on Sat. July 26, starting at 8 AM at Lower Shore Park.**
- 2. The second flea market at the public dock on Sat. July 26.**
- 3. The Clam Bake is also on Sat. from 12 noon to 6 PM at the American Legion Post 232 on Route 9.**

**Jeffrey M. Melchiondo**  
**Mayor, Barnegat Township**