

Dear Fellow Resident:

This year's budget is my first as your Mayor. As soon as the election was behind me, I began working with the Township's financial team to review every aspect of our operating budget and municipal operations. My goal was, and remains, to have our municipal government operate more efficiently and in a less costly manner.

Much has been accomplished in a very short time since I took office a little over two months ago. In an effort to provide savings today and in the future, we have reduced the number of township personnel, responsibly cut departmental budgets, actively sought additional federal and county grant money, restructured and improved the operations of our excellent Public Safety Department, effectively closed our Police Training facility to outside groups to stem the loss of money, and began to carefully examine important changes in the collection of our solid waste and the manner in which our leaf collection program operates. Executive staff has agreed to work with no pay increase. Negotiations are on-going with two of our unions for new contracts, and discussions have been held with unions still under contract, all with a goal of reducing our expenses while providing for a fair contract for our dedicated township staff. Many other measures have been taken and will be detailed once Council commences its formal review of the budget. **The policy decisions have resulted in a reduction of expenses of over \$4.2 million dollars. This means that we will spend approximately 7% less in 2009 than the Township did in 2008.**

Even with these significant cost savings measures, our municipal taxes will have to increase because of a loss of revenue of almost \$8 million dollars. We will receive almost 12% less in 2009 than in 2008 in revenues outside of property taxes. This loss comes in several forms. State aid has again been reduced, revenues from redevelopment have been lost as we fight for our contractual rights in court, and our fund reserves are less. In addition, this budget includes full funding of our pension obligations, resulting in a payment of \$1.6 million dollars, or 8 tax points. While a pension deferral option exists, the financial burden of that plan will burden us and our children for the next 15 years as the payments are required over a 15-year period with an interest rate no less than 8.25%. None of us would mortgage our homes at that rate, so why should the Township mortgage its future?

Knowing that our community is comprised of individuals with expertise in finance and management, I created a Financial Advisory Committee comprised of residents, members of the Township Council and our staff. This Committee has already provided valuable input on the budget and will continue to meet throughout the year. In addition, I have met with other members of our community for their valued insights. We have, together, put all options on the table and weighed the pros and cons of each. We have also considered a number of short-term and long-term financial strategies.

The introduction of this budget is the next phase in the process. The full Council's input will provide additional guidance, and the Financial Advisory Committee will continue its work. I have asked that the entire budget be placed on the Township's

website so that all residents can participate in this process. I am committed to an open government with full disclosure and transparency, and I invite both general feedback and specific recommendations as we move toward a final budget for the Council's approval.

Our nation's economy is still within the hold of a deepening recession not seen in over 70 years. The impact on our friends and neighbors does not go unnoticed, and we have done everything within our power to minimize the financial impact on all of our residents. Thus while our taxes will increase, I am committed to restructuring our government. As I indicated earlier, we will be spending at least \$4.2 million dollars less this year and making difficult choices today that will benefit us in the long run. I am not yet satisfied, however, and will continue to look for long-term structural changes that will provide cost savings for years to come.

As always, I seek your input and advice. Together, we can ensure the continuation of great things here in East Brunswick, even in these difficult times.

Respectfully yours,

David Stahl
Mayor