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NEWS THAT HITS HOME IN CENTRAL NEW JERSEY

“Piscataway works to stem its losses”

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PISCATAWAY: The township’s Centennial Avenue corporate corridor is home to some of the biggest names in the corporate world – AT&T, General Electric, Telcordia Technologies – but of late, it’s also home to an increasing amount of vacant office space.

Thirty-five percent of the township’s commercial space now is vacant, according to Mayor Brian C. Wahler. The township’s base of taxable properties has shrunk by nearly \$34 million since 2004.

“It’s just been in general after 2001 with the dot-com bust, a lot of the start-up companies went by the wayside,” he said. “In the shake-out, we’ve lost a lot of good-paying jobs. There’s been a lot of restructuring and things like that.”

The vacant space has turned into lost tax revenue. During the past year, Wahler said, the township has lost nearly \$4.5 million in corporate tax appeals. Those losses come when businesses seek lower tax assessments because of their vacant space.

“They pay taxes on marketable square footage,” Wahler said. “If it’s a 100,000-square-foot building, they may be only paying taxes on 10,000 square feet.”

And the less tax revenue the township receives from business the more tax revenue it must glean from residential tax payers. Wahler estimated that only about 25 percent of the township’s tax revenue today comes from businesses, as opposed to about 50 percent just a handful of years ago.

On top of that, the township also had its state aid cut this year by 9 percent.

The township also still is engaged in a decade-long battle over its condemnation of the Halper farm on South Washington Avenue. The township is challenging a May court ruling that put the property’s value at \$17.9 million. But Wahler said any future court ruling won’t affect the township. The township already has paid \$1.3 million, and he said the county’s open space fund and the state’s Green Acres fund have pledged to pick up the rest of the ultimate cost of the land.

The municipal tax rate has risen from \$1.13 per \$100 in assessed value in the Fiscal Year 2006 to \$1.20 per \$100 in assessed value in 2008. Last year, the township council ordered all departments to trim 10 percent from their budgets, in an effort to offset the loss of revenue.

Carl Spataro, director of economic development for Middlesex County, says the township is facing a changing economy.

“I think Piscataway is unique in some ways because some of that space in Piscataway, because of Rutgers, developed a little earlier than other parts of the county,” he said. “When you look at say the southern part of the county, it developed more in the ‘80s. Piscataway had a leg up and was developing into the ‘70s. Those buildings are a little older.”

But the drop in taxable properties is affecting more than municipal government. The drop has helped to offset a 20 percent increase in state aid the district received this year. And even with the extra state aid, Superintendent Robert S. Copeland said the school district still is spending \$3 million less than what is considered “adequate” under the state’s new school funding formula.

The district’s 2008-09 budget included a 2 percent increase in the district’s tax levy – half of the maximum allowed by state law.

“The reality is we’ve made a decision – the board made a decision – to keep it at 2 percent, which keeps you continually behind. But what can you do when your community is faced with these kinds of issues?”

Kathy Warren, president of the township staffing firm Bryant Staffing, said the slowing economy has hit her business as well.

“My business is definitely down. I think we’re down probably about 20 percent,” she said. “Every time that there’s any lie back in the economy, it usually affects us because it affects the companies and how many people they’ll hire.”

Warren, who is also on the board of directors of the Piscataway, Middlesex, South Plainfield Chamber of Commerce, said her firm usually works with mid-size companies and large corporations providing temporary or temp-to-hire workers in the construction and clerical fields, among other fields.

“It’s kind of a strange economy right now,” she said. “Certain companies are hiring, depending on the industry, but they’re being very cautious.”

Township officials are attempting to diversify the township’s economy, and curb its dependence on the telecommunications industry.

Spataro said the township’s advantages include its location – near highways and New York City – and its electronics infrastructure. He said Rutgers University – which has a campus in the township – also is an asset that makes the township attractive to research and technology firms.

Wahler said another asset is a PSE&G power substation in the township. The substation historically has meant the township has plenty of electricity to offer technology firms. Wahler said PSE&G currently is looking to expand its substation to increase the electricity available in the township. But they also want to know that electricity will be used.

“It’s not like in the old days when they would speculate and just run (electrical) lines,” Wahler said. “Now they want to have a signed contract with a company that needs juice.”

The township also has a large fiber optics cable network, which is helping the township attract data centers – large buildings that house valuable hardware and data storage units for computer networks.

In fact, Washington, D.C.-based DuPont Fabros Technologies will open the nation’s largest data center in the township in about 18 months, Wahler said. Though he noted that the borough won’t see revenue from that building for about two years.

Wahler said the township also is looking to create a DVD and promotional packet to market the township to corporations. One of the talking points, Wahler said, is the township’s recent appearance on Money magazine’s list of America’s best small cities. It ranked 23rd.

The school board has also gone to court to challenge the tax-exempt status of Rutgers family housing located in the township. The apartments are home to children that attend public schools, but the buildings don’t generate tax revenue.

“That’s been an issue for 40 years, but clearly the loss of ratables (taxable properties) heightened the board’s awareness around the issue of Rutgers property,” Copeland said. “And I think that spurred us more toward looking at ways to fix it.”

In the meantime, officials are concerned that the shortfalls might start to affect public services. Copeland said the school has managed to stay on course by restructuring its transportation program, and sharing services with other area school districts. He said he thinks shared services with the township “could be improved.”

Wahler said the township is surviving as well, but he said budget cuts can only go so far.

“You still need to put folks in the truck to plow snow,” he said. “You still have to have patrolmen in the police cars, and you still have to have potholes filled. These are typically things homeowners view as meat-and-potato services. When you’re the mayor people don’t want to hear any excuses. They tell you you’re the mayor. People want you to figure it out.”