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TREND IN THE REGION

A Marriage Made in New Jersey

Princeton Union Could Reflect Trend

(Block...)

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By [Paul Burton](#)

After voters in Princeton Borough, N.J., and Princeton Township approved a referendum two weeks ago to consolidate into one community, municipal finance and other observers agreed that it could reflect a trend.

"The merger reflects the increasingly creative ways that local governments throughout the nation are dealing with ongoing budgetary stress. We expect more mergers as a cost-savings option," said Moody's Investors Service, which called the move a credit positive.

On Nov. 8, both municipalities, with a border that bifurcates Princeton University on a north-south plane, approved the measure after five rejections. Approval was more overwhelming in the township, 3,542 to 604, or an 85% majority, while borough voters approved it by 1,238 to 828, a 60% majority.

The consolidated community, to call itself simply Princeton, will take effect Jan. 1, 2013. Both mayors, Chad Goerner of the township and Mildred Trotman of the borough, favored the move, as did New Jersey Gov. Chris Christie.

Proponents cited the need to eliminate government redundancies. The two high-end towns share similar demographics, such as high median incomes and home values, and similar population sizes. U.S. Census statistics have the township with 16,265 residents, the borough with 12,307.

While the more densely populated borough includes Nassau Street — "downtown" to both entities and home to upscale shops and restaurants — land in the township, which surrounds the borough, is less densely developed.

According to Moody's, while the borough and township will transfer and consolidate their debt into the new entity through a resolution, details are still in the works. By state statute, merged municipalities may apportion existing debt so that taxpayers of each consolidated municipality will remain responsible for their own debt.

"With Princeton, however, the assumed debt is likely to be assumed and paid jointly by the new consolidated entity," Moody's wrote.

Recent financial audits show the borough with \$46.6 million of debt outstanding and the township with \$65.9 million. A merger would result in \$112.5 million of debt spread over a larger, more populous consolidated tax base.

Moody's rates the borough's general obligation bonds Aa1 with no outlook, and assigns the township a Aaa and a stable outlook.

While the Ivy League university's official stance on the referendum was neutral and vice president Robert Durkee acknowledged uncertainties about the end result, he said: "In principle, I think it's a good thing. We have two communities that long felt as they were the same. A benefit for the university, at least on some issues, is that we only have to work with one municipality. The issues become much more streamlined."

The school already works with a consolidated planning board, though the borough and township handle some zoning issues separately.

Durkee said handling police matters may be easier under the new arrangement. "We have a first-rate on-campus police department, but when we coordinate with outside authorities, we'll do so with only one police department, and that will be much more efficient," he said.

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In the sixth referendum on consolidation for these two communities, the message of cost savings finally hit home.

"As we get closer to the end of the year and into 2012, you'll see more discussions in the tri-state area of Pennsylvania, Delaware, and New Jersey about sharing services and combining budgets, with local revenues stagnant and declining. The problems of the national economy will weigh on the local economy," said David Fiorenza, a professor at the Villanova School of Business and the former chief financial officer of Radnor Township, Pa.

A report compiled for Princeton University by the Rochester, N.Y., think tank Center for Governmental Research estimated \$3.1 million in savings from the first three years of the merger, though some opponents before the vote questioned that amount.

The consolidation would not involve school or county government operations but would affect property tax levies. The report said the average residential taxpayer in the borough would save \$591. The township equivalent would be \$415.

Nationally, one notable example of consolidation was Louisville, Ky.'s merger with Jefferson County in 2004, creating the 17th-largest city in the United States. Moody's at the time upgraded the combined municipality's GO rating to Aa2 from Aa3.

More such mergers may come.

"Illinois is one state with more than 6,000 governmental units," said Bill Brandt, the president and chief executive of consulting firm Development Specialists Inc. and the chairman of the Illinois Finance Authority.

The merger is the first of its kind in New Jersey since Hardwick Township absorbed Pahaquarry's seven residents in 1997. For years, the state encouraged municipal mergers, even passing the Municipal Consolidation Act in 2008 to push the notion. Christie, in fact, offered for New Jersey, through its Department of Community Affairs, to contribute 20% of the estimated \$1.7 million in Princeton merger costs

Princeton is just one of several Garden State "doughnut hole" municipalities, which separate by borough and township. According to Fiorenza, sentiment against consolidation hinges on one major intangible.

"People think they're losing their sovereignty," he said. "There's heritage at stake. People grew up in the township or borough and feel attached to it. I liken it to Europe, where some people felt they were losing out when many countries changed to the Euro."

One source of friction has been the university's relocation, about 460 feet southward from the borough to the township, of the small station that serves the "Dinky," a train that connects the campus to New Jersey Transit's Princeton Junction station two miles away.

A citizens group, called "Save the Dinky," mostly consisting of borough residents, is suing over the station's move, citing a hardship for pedestrian-oriented borough residents. The group contends that the university lacks the authority to move the station, while the university and New Jersey Transit maintain the school is on solid legal ground.

According to Durkee, New Jersey Transit sold the station as well as the land under and surrounding the rails, in 1984.

The project, for a new arts center, would relocate the station and an adjacent Wawa convenience store and add an access road.

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