

Mayor Eldridge Hawkins, Jr.
Fiscal Year 2009 Budget Address
November 17, 2008

In the past, the Mayor came before the City Council and read into the record a budget message. I have submitted to you in writing my message on the budget. It is available to the public as a handout this evening and will be available shortly on our municipal website.

Instead of reading aloud what you can read for yourselves, I want to discuss in plain language the challenges that we face as we prepare a budget in the midst of the world's worst economic crisis since the depression.

The truth we must face is that most of the increase in our budget is beyond the immediate control of the Mayor, the City Council and the citizens of Orange. The increases reflect among other things increased police and fire operating costs, an increase of \$1.6 million in debt service payments on existing debt , continuing unfunded mandates and the impact of the disastrous economy.

For example, the state has mandated an increase in financial support for the local school district. This item alone has increased by 75% over the last budget.

The situation is dire and potentially larger shortfalls can be expected in future years if the state and federal governments are unwilling or unable to do more to help New Jersey's struggling municipalities. I have joined together with Mayor Booker of Newark, Mayor Bowser of East Orange and other urban mayors in asking President-elect Obama to include urban infrastructure in the economic stimulus package.

We're asking for the equivalent of the New Deal public works projects that were funded by President Franklin D. Roosevelt to help lift America out of the great depression, and I am in the process of identifying such projects in Orange. I'm talking about necessary public improvements already in planning or that could be quickly drawn up, that if federally funded, could reduce

future debt service costs for Orange taxpayers. However, they would not immediately impact the budget we have in front of us..

What can we do now? We must examine reductions in the part of the budget that is in fact under our control. We must look at reductions that will allow us to provide the most vital services without sacrificing their quality. We must look at downsizing city government just as other municipalities, states, and businesses are doing across America. But we must do it without destroying Orange.

A budget that requires us to reduce police and fire protection, to reduce our ability to respond to emergencies, to allow our streets and sidewalks to become filthy, to substantially reduce the quality of life of Orange residents would be self-defeating.

It would seriously hurt our ability to carry out the redevelopment, and economic growth we desperately need to bring property taxes under control. You can't attract new taxpaying businesses, shoppers and residents to a city that is dirty and unsafe. But you also can't attract them to a city where property taxes are out of control.

We have worked to develop a budget that maintains current levels of service where possible, and increases revenue sources other than property taxes

I have asked each department to review and re-think the services they provide and make a list of goals for delivering services with less costs in the upcoming year. We are taking a closer look at all the services that we perform in order to set priorities.

We have conducted a comprehensive analysis of the major activities performed by each department on a monthly, quarterly, and annual basis. If we must reduce services, we will do it in a sensible and logical way that allows us to maintain quality.

In my first four months in office, I have already identified and implemented a number of cost-saving measures:

We are in the process of contracting with the regional emergency center located in Newark, a centralized emergency dispatching facility. This will save us approximately \$150,000 annually in overtime costs. We are working to evaluate other shared service opportunities with other governments where savings can be achieved and the quality of services maintained.

We hired part time City Attorneys enabling us to save some of the money that Orange has been spending for outside legal services. Our City Attorney anticipates a savings of more than \$200,000 over five years. We will continue to look for other opportunities to save taxpayers money by reducing the outsourcing of services.

We are using our new Special Police to provide security in our municipal court. This will save \$50,000 per year. We have cross trained our detectives to provide other law enforcement duties as well. This has already saved approximately \$50,000 since July.

We are working to reduce the cost of services by making better use of existing city employees. Some of the approaches we've used include: creating dual positions where possible, job sharing, and cross-training, such as I mentioned in the Police Department, to enable employees to serve the public in more than one job function. While asking our employees to do more, we are committed to providing them with more performance-based incentives that show our appreciation for their hard work.

We are also negotiating cut backs on labor contracts to minimize their future impact on property taxes. We are monitoring overtime expenditures in all operating departments, and we are asking the state for continued extraordinary aid.

We are getting Employee Group Health spending under control. The health insurance budget line is up only 2% due to cost control measures.. We are holding steady on the cost of ambulance services this year through a multi-year service contract that limits annual increases for this vital service.

Yet, with all of the cost control measures and restructuring that my Administration has enacted over the past four months, the budget as introduced in September includes an anticipated 18% increase in local tax revenues. That's without additional state aid that **may** lower the tax increase. I say *may*, because we all know that the State of New Jersey faces a massive looming deficit.

A large property tax increase would be a terrible thing to impose on the citizens of Orange who are already reeling from the worst financial crisis since the depression, who are already paying high property taxes and must now worry about losing their jobs, their pensions, and their health benefits.

The budget was introduced in September, after I had been in office only three months. The timing was necessary to meet a legal requirement for Orange to apply for State Extraordinary Aid. We applied for that aid with the hope of holding down the amount of a tax increase. So, the budget as introduced is a work in progress. To complete it we need to know from the State how much money, if any, we will receive.

The budget that we're looking at today is only the first step in the budget adoption process. During the course of review by the City Council and the state of New Jersey, we will continue to revise the introduced budget and look for additional savings. Additional revenues that cannot legally be included in the budget at this time will be approved and reflected in the budget as we go through the budget amendment process. Changes will also be recommended by the City Council, along with input from their budget advisory committee and budget consultant.

In the longer term, pursuing new development is absolutely necessary to achieve real and significant long-term property tax relief. This year alone, the City added more than two hundred thousand dollars in new property taxes as a result of new development that spreads the tax burden over a larger number of properties.

My administration is committed to an economic development program to bring in new businesses, residents, taxpayers, and shoppers. We are taking the actions necessary to prepare

our business districts in Orange for these new consumers. The start-up process has already begun, and you will be hearing much more about our future plans in the coming weeks.

I can't promise you that we will get through the economic crisis without pain. The pain of high taxes is already here and has been for years. What I can promise is that my administration stands ready to work with the City Council, the Citizens Budget Advisory Committee, and the Council's budget consultant to do everything possible to enact a budget that meets the needs of our community.

I pledge the full cooperation of the administration and its key staff in working with all of the parties involved in the budget process to protect Orange taxpayers, and I invite all citizens to come forward with suggestions for reducing municipal spending. Every reasonable suggestion will be taken seriously and fully considered.

Thank you.