

# How We Took Orange's Yearly Tax Increase from 18 Percent to 0



By Eldridge Hawkins, Jr.  
Mayor, Orange



I'm proud to report that the City of Orange went from an 18 percent tax increase budget to a 0 percent tax increase during the worst economy since the Great Depression. Every municipality is different and faces its own unique challenges, but one thing is clear: No city is an island. Success depends on the cooperation of county, state and federal officials, unions and the private sector. I believe that cooperation, together with teamwork, a willingness to try new ideas, and capable leadership can ensure the survival of New Jersey's cities in this time of financial crisis. Here's how major change, based on these principles came about in our city.

When my administrative team took office on July 1, 2008, Orange was facing a terrible financial crisis, years in the making, and few knew that our nation was only days away from falling into the worst recession since the great depression. I inherited from my predecessor a budget with an 18 percent tax increase and a large structural deficit. How we dug ourselves out of that deep financial hole is a story worth repeating as an example for other beleaguered New Jersey municipalities of how partnerships and compromise can make a difference.

There was no one silver bullet that helped reduce a long-term deficit and put us on the road to recovery. Instead, we used a series of measures, some short-term and some long-term, some temporary fixes and some permanent financial infrastructure repairs:

1. We aggressively went after state and federal grants, using them wherever possible to pay for expenses that would otherwise have to be covered by local property taxpayers.
2. We took full advantage of the federal stimulus package.
3. We used State Extraordinary Aid for one year. (It's called Transitional Aid now.)
4. We used Urban Development Zone funds to pay for some public safety, public works and development employees.
5. Our representatives in Washington D.C. and Trenton both decided to make Orange a priority and invest here because we had a strategic plan for growth and development.
6. We bought a little time by using the temporary pension deferral offered by the state in 2009.
7. We formed public/private partnerships to deliver services that government alone could not afford.
8. We outsourced work, where it made sense, to reduce expenses.
9. We reorganized the work of our employees and retrained many to make them more efficient.
10. We encouraged the retirement of senior personnel.
11. We took a very firm stand in union negotiations to achieve givebacks and changes in work rules that improved productivity.

12. We changed our budgeting from a fiscal year basis to an annual year basis, capturing a year's state aid in six months.

13. And, last, but not least, we championed toolkit measures from Trenton that are reducing our costs and have given myself and other mayors more control over our finances.

One of the first things I did on assuming office was to choose a chief of staff with extensive experience in securing federal grants and a large rolodex of Washington D.C. phone numbers to manage our applications for federal money. For my second chief of staff, I found one with the same qualifications.

We created public/private partnerships to bring medical services into senior citizen housing, provide low cost prescription drugs, and help new businesses seeking to establish themselves in Orange.

First, we conducted Orange's first systematic evaluation of employee productivity. We saved taxpayers \$2.3 million through staff reductions and reorganization including cross-training employees to take on additional responsibilities. We froze non-essential hiring, banned unnecessary travel and conference attendance by city employees, moved our fire dispatch system to a facility shared by other municipali-

ties, and reduced the cost of property maintenance by 60 percent.

Our Director of Planning aggressively increased participation in the UEZ program doubling the revenue within six months. We worked to garner over \$60 million in investment in Orange through private and public partnerships. None of these measures, however, gave Orange immunity from the terrible impact of last year's \$3 million cut in state aid and the loss of \$3 million in UEZ funding. Those losses put us back where we were in 2008, facing a 20 percent tax increase.

To deal with the new crisis, I took two parallel paths. First, I received the opportunity to become Chair of the Management Reform Task Force of the League of Municipalities. I was intrigued by some of Governor Christie's "tool kit" measures to reduce costs and give mayors more control over their finances. As Chair I was able to fight alongside mayors and others to change the rules of the game so we could operate more efficiently.

Second, in 2010 while residents of New Jersey continued to lose jobs and struggle to avoid foreclosure, there was no way they could afford the looming 20 percent tax increase. We were forced to let our unions know that they had to agree to major givebacks and work rule changes or suffer layoffs.

Over a year's time, the Task Force and our state partners have made great progress. Together, through bipartisanship, we have reformed pensions, reformed health benefits, reformed binding arbitration, and have begun to reform civil service. Each one of these in and of itself is significant. But, what is more important is that taken together, we have begun to change the climate under which municipalities operate in New Jersey.

All of the diverse involved parties: mayors and council members, municipal unions, municipal employees, state legislators and taxpayers have come to recognize that in an unprecedented crisis, we must work together to find solutions. We must find better ways to provide services without breaking the backs of taxpayers.

In Orange, the new climate is reflected by the fact that after suffering major police, fire and other employee layoffs, we brought back most of the laid off employees and hired additional police and firefighters. This was achieved through a combination of negotiated contractual changes in work rules/concessions, management efficiencies, federal grants, and retirements of senior personnel.

Our unions, particularly our firefighters, have become our partners in progress where once they were our adversaries. Their ability to take into account the greater good enabled us to rehire all laid off firemen, promote four Deputy Chiefs and nine Captains and reopen our closed firehouse, all at a savings to the residents. A federal grant allowing us to hire an additional 12 firefighters for the next three years will make the department even stronger and more cost effective.

Because of all these things working together and the cooperation we have received from the private sector and all levels of government, for the first time in more than a decade, there was no property tax increase in Orange for this current 2011 transition year. It is true that by moving to an annual year from a fiscal year, we were able to capture a year's worth of state aid in six months. But, we are not going to wildly spend that one-time windfall. Instead, we are strategically managing our resources to help ensure a zero percent tax increase in the upcoming year as well. ▲

**Police, Fire, EMS and Dispatch Management Consultants**  
**Specializing in Consolidation and Regionalization**

- Municipal Police & Fire / EMS Departments & Districts
- State-of-the-Art Organization Structures
- Teamwork and Cooperative Approaches
- Potential Cost Savings / Avoidance
- Command and Supervision
- Alternative Sources of Funding
- Strategic Planning Sessions
- Administrative Support
- Integration of Services Provision
- Training Programs and Facilities
- Regional Services Delivery
- Number/Type of Vehicles
- Fire Prevention Programs
- Fiscal Administration
- Staffing Efficiencies
- Records Management
- Work Schedules
- Feasibility Assessment
- Fire/EMS Integration
- Station Location
- Quality 9-1-1
- Risk Analysis
- Accreditation

240.595.6220 fax  
 lesadams@atlanticcbb.net

**PSSi**  
 PUBLIC SAFETY SOLUTIONS, INC.  
 301.580.1900