



CITY HALL
HOBOKEN, NEW JERSEY

April 9, 2012

Dear Council President Bhalla and Finance Chair Cunningham:

Thank you for working with my Administration to complete the 2012 budget.

The following provides an overview of the budget amendment based on the direction we received from the City Council through discussions with you (The amendment was sent to the Council by Chris Baldwin on Thursday).

Tonight's meeting is to adopt an amendment to the introduced budget. The public hearing and the time for the public to ask questions and give comment on the budget amendment will be at the amendment hearing which is scheduled for Wednesday, April 18th.

Overview of the 2012 budget as amended:

The tax levy is nearly \$900,000 below last year's levy, a tax reduction of approximately 1.6%. Due to the effect of tax appeals, the actual tax rate will remain flat rather than decrease despite the significant reduction in the tax levy.

It retains a Cash Surplus equal to approximately 3.6% of the total budget. My Administration remains committed to working towards maintaining a 5% Cash Surplus level in the future and will focus on replenishing the Cash Surplus with that objective as we move forward. This goal could not be achieved this year due to the following:

1. The City Council minority's decision not to refinance the Midtown Garage last year. This decision not only cost the City the \$50,000 which would have been directly saved as a result of lowered borrowing costs, but it forced the City to unnecessarily expend \$4.5 million to service and reduce the existing debt. Had the refinance been approved by the City Council minority, those funds would have been available for additional tax relief and to maintain a larger Cash Surplus.
2. The City Council minority's decision not to pay for last year's expenses in last year's budget through budget transfers, despite the availability of millions of dollars in unexpended reserves. As a result, the DCA has directed my Administration to include the bills in this year's budget so that those who worked in good faith for the City can be paid. Rather than raise taxes and force the taxpayer to pay the unnecessary cost of the decision to roll last year's costs into this year's budget, the appropriation has been paid for through a reduction in Cash Surplus.

3. The inclusion of substantial retro compensation costs for the Fire Department and other City employees resulting from the settlement and anticipated settlements of collective bargaining agreements.

Despite these challenges, the amended budget once again significantly reduces the tax levy, building on the reductions we achieved in the last 2 years, maintains a flat tax rate despite a reduction in ratables due to tax appeals, maintains a significant Cash Surplus, and enables the City to continue to provide important services and complete essential projects that benefit our community.

Explanation of budget amendments:

Page 2, 8. (A)

Administration: The salary line for the Business Administrator was reduced by \$30,000 to reflect the actual salary which our new BA will receive. The \$80,000 economic development position was shifted to O&E so that a consultant can be hired rather than an employee, with compensation based on the level of success achieved in creating initiatives that generate new revenues for the City.

Environmental Services: The \$250,000 cost for composting has been removed from the budget. Instead, we will work with volunteers and our internal staff to develop a pilot composting program that can be expanded in the future to reduce sanitation costs long term.

A decision has been made to integrate, on a pilot basis, the functions of the Environmental Services Department into Health & Human Services and the Transportation and Parking Departments. This will eliminate a portion of the fee for Mr. Shenkler, the Acting director who has served in that capacity as a consultant on a temporary basis. It will also enable us to achieve more efficiency by integrating related functions within departments. To replace the services currently provided by the consultant, it may be necessary to create new mid-level positions such as a facilities manager. A portion of the acting director's fee has been retained in the budget to cover that cost should we determine a new position is necessary.

The budget amendment also provides for hiring a part-time mechanic and part time helper, recommendations which have been made by Mr. Shenkler. It includes funding for either seasonal workers or for making part-time workers full time in the sanitation department. An evaluation will be conducted to determine which approach is most appropriate.

In addition, the amended budget includes the cost for a boiler maintenance contract for City Hall and an HVAC maintenance contract for the new HVAC system that was installed at the Multi Service Center. Both these contacts will ensure proper maintenance and thereby reduce future costs.

Department of Public Safety

Police: The budget includes the cost to hire four new officers. Two will be hired after the budget is adopted and hiring decisions can be made. Two more will be hired in the Fall, which is when we anticipate receiving the COPS grant. The salary line was reduced as some of the costs related to the hires needed to be shifted to O&E.

The O&E line was increased to cover the expense cost for hiring the four officers, as well as the projected costs for sponsoring the cost of a training program for Class II officers.

OFFICE OF THE MAYOR

Fire: The budget was amended to include the cost for hiring two new Fire Fighters after the budget is adopted. In addition, the amendment includes funding for 4 part-time fire inspectors as part of a civilianization plan and to ensure proper staffing for emergency fire response.

Budget transfers & Prior Years bills: (Page 3, Section E)

As discussed above, the City must pay for the legal and other work that was completed in 2011 but that was rolled over into 2012 due to the City Council minority's decision not to fund these items through the use of line items transfers last year.

Parking Utility: (Page 3, #10)

The O&E for the Parking Utility was increased by \$150,000 to cover the engineering costs needed to secure a \$2 million grant to convert Observer Highway into "Observer Boulevard." This grant money was originally secured by Senator Menendez several years ago, and we must move expeditiously on this project to ensure that we do not lose the grant. We will be returning to the Council with a bond ordinance to purchase five new buses for the Hop and Senior shuttle system as well as a bucket truck, which is necessary since we are responsible for maintaining all the traffic signals city-wide. Unless we bond, we will not be able to cover the costs for the five buses.

Please email Chris Baldwin if you have questions. Mr. Baldwin will continue coordinating the Council's requests until the new Business Administrator starts full time in mid-May.

Thank you and best regards.



Mayor Zimmer

Cc: City Council members
Nick Trasente
Chris Baldwin