



# TOWNSHIP OF WEST ORANGE

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## OFFICE OF THE MAYOR

**ROBERT D. PARISI**

*Mayor*

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### **Mayor Parisi Announces Proposed 2012 Budget Amendment**

August 13, 2012 - West Orange, NJ -- In a 4-1 vote, the Township Council approved Mayor Robert D. Parisi's proposed 2012 budget amendment plan presented at a special Council meeting on Monday night.

The proposed budget for Calendar Year 2012 delivers an unprecedented zero-percent tax increase for the third straight year in a row, and does so while preserving all services to residents without impacting the local portion of the average homeowner's taxes.

The total 2012 proposed municipal budget is \$70,418,676.81, which is \$1,840,604.19 less than the 2011 budget of \$72,259,281.00.

"I am very pleased to present you with this amendment which proposes a zero-percent (0%) tax increase for the third year in a row.

The primary objectives in the formulation of the Township's annual municipal budget are threefold:

- Stabilize Municipal Taxes
- Provide Quality Services to the Community
- Insure that Services Being Provided Remain Affordable

Accomplishing these objectives is always challenging but has become more difficult in recent years due to economic conditions. We still face the traditional cost drivers, salaries and wages, pension contributions and health benefits costs, in addition to substantial decreases in revenue such as tax appeals, a reduction in state aid, interest on investments and other sources.

As proposed, the 2012 municipal budget has the lowest spending level of any municipal budget since 2008. There is no capital budget for the second year in a row. My administration has worked diligently to achieve this zero-percent (0%) tax increase through some of the following measures:

- Reduced employee salaries and wages to 2007 levels



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- Negotiated a zero percent (0%) increase for employee medical insurance
- Negotiated employee health insurance contributions greater than those required of public employees by the State of NJ
- Reduced trash removal and recycling fees by \$400,000 since 2009
- Cutback non-recurring revenue budget items

While many difficult choices and necessary sacrifices have already been made, we will continue to directly address the Township's major cost drivers. Regrettably, this may entail workforce reductions. Since 2010, the Township workforce has been reduced by seventeen percent (17%). The proposed budget amendment reduces 320 full-time positions in 2011 to 294 full-time positions through attrition. This reduction in staffing could ultimately place a strain on our ability to maintain current service levels.

Workforce reductions alone will not address our current fiscal challenges. This amendment also finances all accrued sick time liability incurred to date, but does not include funding for any retirements that may occur during the balance of 2012. The Council will undoubtedly be faced with this dilemma before year's end, whether to take a stand to moderate this escalating cost or finance through bonding.

Since the inception of the 2% CAP, West Orange has not increased municipal taxes and has delivered two zero (0 %) municipal budgets in a row without the use of any exemptions and intends to do the same this year.

We will work to hold the line until the real estate market and economy stabilizes and strengthens. We will redefine what 'essential services' mean to the Township and continue to evaluate the most efficient and cost effective ways to deliver these services. We will explore privatization and the utilization of part-time employees rather than full-time employees, and we will invest in the health of our downtown and the future of our Township as we move forward with the redevelopment project on Main Street.

Over the last three years, we have confronted the most challenging budget situations in generations. We have succeeded in not raising municipal taxes due to our unwavering commitment to the taxpayers. We have protected the vital services our community relies on, and we will ensure to continue to do everything possible to keep West Orange on solid financial ground."

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