

# Public Hearing

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## SENATE URBAN POLICY AND PLANNING COMMITTEE

"Urban Problems in Trenton"

LOCATION: City Council Chambers  
City Hall  
Trenton, New Jersey

DATE: March 2, 1994  
6:00 p.m.

### MEMBER OF COMMITTEE PRESENT:

Senator Dick LaRossa, Chairman

### ALSO PRESENT:

Hannah Shostack  
Office of Legislative Services  
Aide, Senate Urban Policy and  
Planning Committee



New Jersey State Library

### ***Hearing Recorded and Transcribed by***

The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey 08625





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Vice-Chairman

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## New Jersey State Legislature

Senate Urban Policy and Planning Committee

LEGISLATIVE OFFICE BUILDING, CN-068

TRIDENTON, NEW JERSEY 08625-0068

(609) 292-1596

## PUBLIC HEARING NOTICE

The Senate Urban Policy and Planning Committee will hold a public hearing on Wednesday, March 2, 1994 at 6:00 pm at City Council Chambers, City Hall, 319 East State Street, Trenton, New Jersey.

The committee is seeking testimony from local residents regarding urban problems in Trenton. In order to provide an opportunity for everyone to be heard, witnesses should be concise in their remarks and limit their testimony to a maximum of five minutes.

*The public may address comments and questions to Hannah Shostack, Committee Aide, or make bill status and scheduling inquiries to Rita Nutt, secretary, at (609) 292-1596.*

Assistive listening devices available upon 24 hours prior notice  
to the committee aide(s) listed above

Issued 2/23/94



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mjz: 1-16

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**SENATOR DICK LaROSSA (Chairman):** Before we get started, my apologies for the weather. I said on the bus coming back over here that the big mistake I made today was believing the weatherman at any time. Last week, when we got the information that there was going to be a storm, Kathy, my Legislative Aide, said, "You can't do it, because we are going to have this big storm." I said, "No, the weathermen are never right. The only people who are wrong as often as weathermen are political pollsters." I figured there was no way they were going to get this right a week ahead of time. Then, obviously today, they downgraded the storm, you know, and it was 6 inches to 12 inches. In the middle of the afternoon, they downgraded it again. My mistake was that I believed that when they downgraded it because -- that meant that they were right, which meant that they were wrong, which meant don't believe the weatherman in the first place -- if you followed that logic.

Anyhow, I thank you very much for coming out in this tremendously inclement weather. What we will do, because obviously it has played havoc with the ability of people to get here-- The reason we did go on was because we were told the storm had been downgraded. What we will do-- I talked with the Mayor's Chief of Staff, Bill Watson. They agreed to allow us to come back within the next couple of weeks to do this public portion of today's session here again, because we would like to have this open to as many people as possible. Again, my apologies, but unfortunately, one of the things we can't control, really, is the weather.

If I may, then, before we get started, I would like to make a formal statement which will give you an idea as to what we are trying to accomplish here. Indeed, I welcome each of you here tonight for this meeting, which is part of the newly established Senate Urban Policy and Planning Committee, of which the Senate President has designated me as the Chairman.

Before we begin the discussion, I just want to take a minute to overview some of the goals of the Committee, and say a few words on what we are doing here tonight. The Senate President, in establishing the Committee, stated that over the last two years the Senate has taken its responsibility as a partner in the urban revitalization effort seriously. We want to be able to support key initiatives that will help our cities to: balance their budgets; clean up once abandoned properties; repair aging and damaged schools; encourage tenant input into public housing decisions; and leverage economic development.

But in the years that lie ahead of us, we need a much more aggressive and a more targeted urban agenda. The Senate will have in place through this mechanism the ability to assure that such an agenda is developed through this Committee. We will have a very distinct responsibility in seeking out solutions that are as unique in nature as the problems facing urban communities. We are going to take this Committee into urban areas and meet with the individuals and leaders who have the ideas that make sense for their communities.

So we are here today in Trenton. Trenton is the first community we have selected to hear the ideas. We hope that what we will have will be a cross section of elected officials, civic and religious community leaders, as well as the community at large. Hopefully, we will have a substantial contribution to the identification and solution of the problems which are with us.

In the public portion of what we are doing today, we are not looking for solutions that have been tried and failed, but creative and unique approaches. We want you to know that your ideas and thoughts are absolutely welcome, and we would like to know as much about them as possible.

I would ask-- Actually right now, we are not going to be limited on time, unless you want to get snowed in. However you want to make your comments, please make them as direct as



possible. I do want to emphasize that what we desire to do is to bring more light and heat to the problems. So I ask you to refrain from anything which might be interpreted as a confrontation or an attack, which might limit someone from participating openly and freely. Again, it is important that we identify problems, hear what we need to hear, and get a true and honest response from the folks who are here. The idea is to give you an opportunity to participate in this process, so that whenever we come up with an urban policy, you have had direct input. It isn't someone in the State House in Trenton dictating back. In fact, it has been developed through your input and process.

With that, I thank you for your patience.

We have four people who have signed up to speak. If I may ask our first -- witness, I guess, Betty Holland, from the Trenton City Council, to come forward.

**C O U N C I L W O M A N   B E T T Y   H O L L A N D:** Thank you, Senator.

Good evening, everyone. I first want to congratulate the Senate President for creating this important Committee. I think it is a wonderful recognition of the problems which have really beset this most urban of states for many, many decades. And I want to congratulate you, Senator, for taking the initiative that you did on this very snowy day.

You set yourself a very broad and creative agenda. I am not here, really, to talk necessarily about creativity. These are hastily drawn-together notes. They are very specific, and they are about very particular problems. I think the creativity would take somewhat longer. And I am not here to talk about in lieu of tax payments, which we have been struggling with since the '60s, when the State gave its first \$50,000, I believe, to the City. You have been addressing that issue, and we appreciate that.

I want to just talk about three -- four actually -- other issues which I think would make a tremendous difference to this City. Briefly, they are: State highways that pass through the City, but are not maintained by the State; the HMFA allowable percentage of gross rents that can be paid in property taxes; the impact on Trenton of its being a regional service center and the county seat; and tax-evaded, owner-occupied housing.

The first issue: Several highways pass through Trenton, namely, Routes 33, 31, 206, and 175. In the suburban municipalities through which they pass, they are paved, plowed, sanded, etc. by the State, but in Trenton they are not. This is an inequity that must be stopped. These roads are not serving local traffic. They are major thoroughfares moving people through the City.

The HMFA: When HMFA funds are used to support the construction of low- or moderate-income rental housing, it limits the amount that can be paid in local property taxes to approximately 3 percent of gross rents. This is inadequate to meet the needs of services to the people occupying this housing, and passes the burden on to the shrinking pool of residents paying full taxes.

An example: There is a Wood Street project in Trenton that is about to be built. This is new and rehabilitated housing of 46 units. Eight will be one-bedroom, 16 two-bedroom, and 22 three-bedroom. The potential occupancy of that housing development is 212 individuals. Taxes to be paid based on gross rents are projected at \$11,000 a year, initially. This abatement is for 30 years. The City cannot afford to provide police, fire, sanitation, roads, schools, libraries, or any other services with this meager amount of tax revenue. This program must be revised so that Trenton and other cities will receive adequate tax dollars for this kind of housing.

Trenton isn't just the capital of New Jersey. It is also the county seat and it is a regional service center. Buildings of county government, whether they be administrative or judicial, pay no taxes, and the cost of those buildings should be borne not just by Trenton residents, but by the entire county.

Three medical centers exist in our City, as does a major rail station. They also provide regional services for which Trenton receives no compensation. Somehow, all of that needs to be figured into our taxing situation.

Trenton has met the housing needs of more families and individuals who are unable to compete in the market for housing than any municipality in Mercer County. Only Princeton provides some public housing for other than senior citizens. Trenton has 2000 units of public housing, serving approximately 8000 individuals. It pays no taxes.

Over the years, Trenton has given abatements to many nonprofit developments, such as: Trent Center, Architects Housing, North 25, to name a few. It has abated taxes also on single-family homes. Trenton cannot be the only municipality to meet the need for affordable housing. Our City has the lowest per capita income in the County. We have the highest rate of poverty. Tax abatements will force the tax rate higher, and will drive out those who pay full taxes. It is a self-defeating program.

Another example: Single-family homes which are constructed under this affordable program -- or are rehabilitated -- may cost anywhere from \$80,000 to \$100,000 to construct or rehabilitate, but they are sold to qualifying families for somewhere in the vicinity of \$40,000. The tax assessment is based on that lower rate, the \$40,000 for which it was sold. The value of that abatement goes on for the life of the property. In addition, there is a five-year abatement which provides that no taxes are paid the first year; only 20

percent of the taxes are paid the second; and for years three, four, and five, taxes are paid at 40 percent, 60 percent, and 80 percent, respectively.

Now remember, these are percentages not on the full value of that property, but on the reduced value as it was sold as an affordable housing unit. In year six, full taxes will be paid, but again, it is going to be on that reduced assessment. So if you use, for example, the house of approximately \$40,000, no taxes would be paid the first year. Given our sort of projected present tax rate, the second year \$280 would be paid; the next year \$560; the fourth year \$840; the fifth year \$1120; and the final year, when you get to 100 percent, it is about \$1400. But it is still approximately half, probably, of what people paying normal taxes would be paying.

We are still providing full services to families who live in those homes, but we do not have the tax base to collect enough revenue to provide those services. I think it is important that this issue be addressed, if this City is going to survive. We are providing a critical service like housing that no other municipality in our area is providing, and we need to have some kind of compensation for that.

That is as direct as I can be, and I thank you for the opportunity.

SENATOR LaROSSA: Betty, just following up on two of the issues you raised, a quick question. You didn't touch on it, but you were on the perimeter of RCAs' regional compact agreements.

COUNCILWOMAN HOLLAND: Well, that is part of this. We are the ones who were accepting those from other municipalities. That is a decision that this City can make, and we cannot accept them. But we have been doing that. I don't favor that, because I think that other municipalities have to provide their fair share of affordable housing.

SENATOR LaROSSA: But as it relates to a tax abatement, what would be your opinion, or view, if the RCA legislation were changed so that while the RCAs could still be paid to the cities, or wherever these low- and moderate-income housing units were going, there would be a five-year or ten-year hook in there which would make the suburban communities, or whoever it was who was buying those slots, be on the hook for an extended period of time, to then equalize the property tax, because--

COUNCILWOMAN HOLLAND: That would be wonderful, because otherwise we cannot do this. We are simply driving other people away, because we have a shrinking pool of people who are paying full taxes. It doesn't make any sense at all.

SENATOR LaROSSA: Okay. Thank you.

COUNCILWOMAN HOLLAND: Thank you.

SENATOR LaROSSA: Rich Potts, South Ward. Rich, how are you doing?

R I C H A R D P O T T S: How are you doing?

I didn't write anything out. I just want to say a few things. I thank you for calling this meeting.

From what I see in the South Ward, people like myself with children are struggling because we are paying to send our kids to parochial school. Myself personally, I pay \$3000 in property tax. I spend another \$4000 or \$5000 sending my children to parochial school because of the school system.

Most of the people in my Ward buy their homes as starter homes. They stay for a few years, and then they opt to go to the suburbs. I feel as though we should make Trenton a model City for the voucher system, or a tax credit, to keep those people here. Otherwise, by the time their kids get into the fifth or sixth grade, they move out; they have plans to move. Most of them don't really want to leave. If they had some kind of tax credit, or help against those bills, they would stay.

I would urge you to make the capital City a model for this program. I really think we need it here, and I think it would help the middle class to stay. As Betty said, they are leaving in droves. It would do a lot for the neighborhoods -- to keep them together.

So I thank you if you would consider this.

SENATOR LaROSSA: Thank you, Rich.

Next we will have Marvin Gibson.

**M A R V I N   G I B S O N:** First of all, I would like to thank the honorable Senator for providing such a forum to allow input.

There are two areas where I spend a tremendous amount of time, and I welcome the opportunity to participate in an urban policy statement as such.

You spoke earlier about leveraging economic development. The first area I would like to talk about is with regard to the housing authority input by tenants. I think there is a very strong need to give people in housing authorities a sense of ownership and a sense of more input via education vehicles. To that extent, I think the vehicles that were used in the early '40s and '50s, such as co-ops, would go a long way toward giving people a sense of economic development input into their own communities. Such co-ops could be to the extent of creating vehicles, or storage houses for those tenants to buy food and have them man the stores themselves, thereby giving them a greater sense of ownership, as well as a greater input and participation in some of HUD's programs with regard to starting their own painting companies. This would go a long way toward revitalizing the tenants in these buildings themselves.

The second area I would like to talk about is what I have heard called "empowerment in enterprise zones." To that extent, I have had about a 20-year involvement with regard to the implementation of the 1964 Civil Rights Act. I am not only of the firm opinion, but the records themselves will indicate

and show that the involvement of minority contractors does not take place at the ground floor. To that extent, their ability to get involved is greatly diminished by not having a ground-floor opportunity to be involved with not only the policy part, but also having individuals who look like them in the room when the decisions are being made behind closed doors.

An example of such would be-- With regard to the baseball stadium, \$1.5 million of City money was used to purchase land. Then, an \$11.4 million bond was enacted. In both of these situations, moneys that were paid by taxpayers, on both the City level and the county level, were involved, and individuals from the City and the county themselves -- the bonds themselves are being floated on their backs as taxpayers -- are not allowed to have the same amount of input with regard to the building of the facility.

As we talk about revitalizing urban areas, we must allow those businesses and individuals, who work and live in those communities, the opportunity to have access to those funds which come from their taxes -- to come back into their community. Obstacles like this are not looked at with a sincere effort. Part of the problem is the design of the legislation itself.

There was a forum on Channel 12 this weekend by Rutgers University Law School, which talked about the great inadequacies of the Civil Rights Bill and how it is not being empowered to people. To be more specific about that, what tends to happen, because of the way-- The affirmative action individuals have reports to fill out. Those reports do not allow them the time to interact with those businesses which would otherwise have need for their services. To that extent, there is a great need to take a look at how to better interact with these individuals by giving them an opportunity to have some input into that process.

SENATOR LaROSSA: Mr. Gibson, what I am hearing you say, in essence, is -- if I may paraphrase it -- that a lot of policy decisions take place in a vacuum.

MR. GIBSON: Yes, sir.

SENATOR LaROSSA: I hope I didn't oversimplify it. I just want to reinforce that that is one of the things that this Committee is not going to do. I apologize, once again, for the weather which kept us down, but we will come back and we will do this again. If 100 people come up and say the same thing-- It is important that every one of those 100 people have the opportunity to say the same thing, so that they, in fact, are part of whatever the development of that process is.

I appreciate very much your comments from that standpoint as well.

MR. GIBSON: Thank you.

SENATOR LaROSSA: Thank you.

Don Waller.

**D O N A L D W A L L E R:** Thank you, Senator, for the opportunity to have this kind of a meeting to express our feelings.

Under the label of meeting budgets -- municipal budgets -- I would like to take this opportunity to excerpt a few comments I have made to other people regarding the recent buyout of the safety officers in Trenton, and the impact that has on the Trenton City budget.

In the interest of brevity and not boring everybody with what well might be actuarial jargon, I will just highlight some of these issues.

You should know that a police officer or a Fire Department official can retire with 70 percent of pay, which is a full benefit, after 30 years of service, irrespective of their chronological age. We all know somebody 65 has a shorter life expectancy than somebody 50, but nevertheless, each will receive 70 percent of their pay for the rest of their lives.



With this in mind, in December, the buyout was passed by Trenton City Council, in opposition, I might add, to the City's administration's recommendation. The buyout credits any 47-year-old or older fire or police officer possessing 20 years or more of service, with up to five years of additional service if they will retire between January 1 of this year and December 31 of this year. In other words, it is a bonus to them to retire this year.

There are 86 police and 66 fire officers who qualify for this early retirement offer and may, of course, take advantage of it. Now, there are 86 police officers eligible for the buyout. Eighty percent of them responded to the City's poll that they would probably retire if the buyout became available. If they do, in 1996, the City can expect to start paying \$440,000 a year for 21 years to finance their early retirement. That will add up to, over the life term of those payments, \$9,240,000 which, of course, is going to be paid by whom?

Then, there are 66 firemen eligible. Again, the City's poll revealed that approximately 50 percent would accept the buyout. If they do, two years from now the City will start paying a 21-year bill of about \$235,000 a year. That will total almost \$5 million.

The combined police and fire additional cost is \$675,000 a year for 21 years, for a total of \$14,175,000.

Now, again, I am not going to bore you with the mechanics of this sort of thing, but I will give the Committee a copy of this, or as many copies as they would like to have, showing how this was arrived at. Now, if they want to see behind those curtains, I will be happy to spend time with them and take them into the inner watch workings.

The reason I am bringing it up at this level is because I am reminded of giving a teenager a table saw, with not much instruction on how to use it. To give the city

councils of this State the ability to pass buyout legislation, without the vaguest idea of how to apply it, or when it is a good deal and when it is not--

I thank you for your time.

SENATOR LaROSSA: Don, if we want to just touch base with you on that-- We are having this transcribed, so I am going to be reaching back out to you just to get some additional insight.

MR. WALLER: The numbers are all in that piece.

SENATOR LaROSSA: Oh, okay.

Those were the only people who did, in fact, sign up. However, I would be more than happy if there is anyone else here who would, in fact, like to comment on -- whatever the issue may be. Going once--

Again, I thank you very much for-- Ed?

**E D C O R T E S I N I:** Thank you, Senator.

It was a good discussion this afternoon, but there are one or two items yet that I don't think have been hit on, which are dear to my heart.

We have welfare programs for people with dependent children. The separate cost of that program is paid for by the State. The administration of that program is paid for by all the taxpayers in Mercer County. Eighty percent of the people who fall into that category live in Trenton. That portion of the program is being addressed adequately at this point.

The portion that is not being adequately addressed is the one where we have welfare programs for individuals without children. My understanding is that approximately 85 percent of the people in that category also live in Trenton, because Trenton is the only place you can find housing cheap enough that these people can afford -- a room, \$50 a week, or \$100 a month, some ridiculously low cost items.

The problem is that the separate cost for that category is also paid for by the State. That has only occurred

here recently in the past couple of years. However, when the State agreed to accept that cost, it also insisted that the City of Trenton reorganize their Welfare Department to take on some additional 16 people to administer that program.

The crazy thing here is, only the taxpayers in the City of Trenton are paying the management costs for that program in the City of Trenton. Why are the taxpayers in this City-- This may exist in other urban areas, and I am sure that it does. Why are the taxpayers here in the City of Trenton paying for the administration of that program, when we have 85 percent of these poor people living in the City of Trenton? Why is that cost not shared with the county, as the other program is? Another thing that raises our costs.

Another item I would like to talk about is the credibility of government. I want to tell you a sad story. Let me give you a little bit of background. To my knowledge, there are 21 surgical clinics throughout the State of New Jersey. These are eye surgical clinics. Only one such clinic is located in Mercer County. There is one in Middlesex County. There is another one in Monmouth County. I believe there are four in Toms River. The other 14 or so are all located up in North Jersey, up around New York City.

Here is the story: This eye clinic performing their business, doing whatever they do, was contacted by -- the City of Trenton in this case, and was asked if they would provide surgical facilities and surgery for five people who were declared legally blind. They asked this particular medical facility to do this at 20 percent of the cost that Medicare would normally pay. You can visualize how low of a fee that would be. It would probably hardly cover the costs of throwaway items from performing cataract surgery.

This company provided that service, not for the 20 percent of the Medicare cost for the operation, but because they were concerned that there were five blind people who they

felt they could help. Because of their surgery, and because of their effort, those five people can see today.

Now the sad part of the story: This clinic that was contacted by the City, for which the City prepared contracts for them to do this work and provided payment vouchers to pay for this service, refused -- refused to pay the clinic for the services performed. You have to wonder why. I think for the total services for the five people, it was somewhere in the neighborhood of \$3000, which is a small amount of money. Usually I think your operations of that type generally cost about \$3000 per patient.

I was amazed to hear about the amount of effort they went through to solicit payment, not only from the City -- I am not singling out the City of Trenton alone -- but also from the State. The people in the City and the people in the State said, "We are not going to pay this." What is going to become of a program like this? Here we had five people who were legally blind. Five people today can see because of someone's generosity, someone who wanted to help some poor people. But yet, because of the lack of credibility of someone at the City level and of someone at the State level, we are not in a position to fulfill or follow through on a written contract, a written agreement, and pay vouchers for the services which were provided.

To me, that questions the credibility of the State government; it questions the credibility of the City government. When they go out and make those arrangements-- They went knocking on doors looking for this help. Let me remind you that this service cannot be obtained from a hospital, because even if you are blind with cataracts, it is still considered elective surgery. The hospitals are not obligated to provide elective surgery. That is why they had to go to the clinic. There is only one in Mercer County that can do the job outside of a hospital.

My concern is not the fact that this clinic did not get paid. They got paid a portion of the funds, regardless of what it was. The \$3000 was minor; it was insignificant. My concern for this group is, what are we going to do in our urban cities for the next five people who are blind, for the next five people who need cataract surgery so they can see? Who are they going to go to? This clinic, the only clinic in Mercer County, I am sure is not going to be willing to cooperate and be as generous as they were the first time, when their legal fees trying to recoup the payment far exceeded what they were going to be paid. I think this subject may be worth looking into.

Thank you.

SENATOR LaROSSA: Ed, if you would before we adjourn, please give Jack Callahan a number where we can get in touch with you, because obviously what the Department of Health is doing at the State level on a program like that, you know, definitely requires some kind of an investigation. You're right. Any firm that is providing those kinds of services is going to walk away from it. What happens is, the poorest of the poor get poorer.

MR. CORTESINI: Well, it is just sad to see something like this happen. What it is going to do is steer people away from helping people who really need help.

I might just take another 30 seconds, if I may, to talk about another little situation.

A particular company had direct contact with the Director of Health Care for Vision Services, who personally solicited the same company to provide a two-year-old with what I think they call "toddler goggles." It is a special type of glass for toddlers. It is not something that is provided under the health care program. But this Director within the Health Department of the State -- for vision impairment and so forth, whatever the official title is I am not sure -- personally made

the contact with this group and said, "Would you please take care of this two-year-old we are going to send down there? Don't worry about the payment. I will personally take care of it."

Two years have gone by, and they have yet to be paid. Another situation.

SENATOR LaROSSA: Okay. Thank you, Ed.

Is there anyone else? (no response)

Not to prolong the day, but again I thank you all very much for enduring the weather. We will do this again. Hopefully, we will not have a monsoon, or God knows whatever other weather situation that may be brought down among us. Again, we will reconvene. It will be a public meeting. You will see and hear about it, and we will have an opportunity to have a much larger participation.

I want to thank the Mayor, the Chief of Staff, and the City Council of the City of Trenton for being our gracious host today. Thank you very much for a very productive day.

**(HEARING CONCLUDED)**

**APPENDIX**

**New Jersey State Library**





Testimony of Mary Woodall  
Humboldt-Sweets Community Information &  
Referral Center, Inc.  
24 Humboldt Street \* Trenton, NJ 08618  
March 2, 1994

Good evening, my name is Mary Woodall. I am a resident of the City of Trenton, and I live in the North Ward's Battle Monument area. I am the coordinator of an Information and Referral service and I have provided numerous referrals to city residents who often find themselves in crisis situations which have become a way of living for many low income residents in this city.

Among the many needs of inner city residents are those of young people, adults and families either living on public assistance or living on very low or no wages. Stress is a common denominator for many living on very low or no income, in substandard housing, with very few job or economic opportunities.

I'm happy to have the opportunity to speak on behalf of my brothers and sisters, so I'll try to touch on some of our most pressing problems and possible solutions.

The lack of jobs and economic development opportunities are so closely tied to many other problems, I have to make it a number one priority. Access to self-employment/small business development funds are a must; a guarantee of jobs set aside for residents of neighborhoods designated redevelopment areas would show an investment in people; infrastructure improvements such as, public transportation, would make out of town jobs accessible; increasing public assistance allotments to meet the federal poverty guideline levels could make living more bearable for many children.

Many individuals, families, and neighborhoods are seriously affected by alcohol and drug addiction. In our city today, the emphasis is placed on incarceration rather than recovery for those suffering from these illnesses. There is a serious need for more treatment facilities. There is also a need to keep families intact when a parent or other family member is in treatment. Many women have lost custody of their children the moment they receive help for their addictions.

**Lack of Affordable housing:** There are many families living with other families because they can't afford to pay rent and utilities on their own because of either the low public assistance they receive or because of the low wages they live off. Waiting lists and no vacancies are very common at emergency shelters. Many families pay as much as 75% of their monthly income on rent alone. Even with new home owning programs, rehabbed homes, many of the poor of this city still cannot afford the rents nor can they get past the strict requirements of low mortgages.

**Educational Alternatives** for young people who find they don't fit into the city's only high school, where disciplinary rules override ones right to receiving a quality education. One program in particular is the New Jersey Youth Corps which incorporates paid on-the-job training and classroom instruction for completion of one's High School Diploma, and even goes beyond that to helping students continue their education at the community college. The slots are very limited compared to the high dropout rate here in Trenton. Expansion of Trenton's site is greatly needed.

Many welfare recipients spend part of their checks to cash them, especially if they are mailed to them on a Saturday. Banks, especially those the city, county and government use, should be required to provide direct deposit services, be open all day on days checks are received, and automatically provide no fee savings

and checking accounts to welfare recipients. They should also be required to provide food stamps too. Many people go to check cashing services which charge a fee for cashing checks and then must go somewhere else to cash food stamp vouchers.

In conclusion, I would just like to say that if one or more of my suggestions are tried it will make some difference in someone life even to the point that many people will believe that our government care about the little guy too.

Thank you.

2000-11-16

*The road to City Council 1/16*

City Council is elected to represent the interests of the voters, and to pass legislation that is good for the city of Trenton.

Legislation that is good for Trenton means passing laws to correct problems, or to provide needed services or advantages to the citizens. And legislation that is good for Trenton is always financially responsible.

Then why did Trenton City Council pass the early retirement legislation December 16th?

This is not a criticism of our police or fire people. They bargain in good faith and they work hard for their wages and benefits. But bargain they did for their wages and pension benefits. And they have a contract with the city and the city with them. And the cost of their wages and benefits are budgeted for.

Somehow, somebody got the idea that perhaps we should consider offering more pension benefits in hopes that more higher compensated police and fire personnel would retire earlier. The people whose job it is to help Council evaluate this idea, and whose jobs would be made easier by its passage, told council that they didn't think a buy-out was financially sound.

They told Council that their analysis revealed that while the City might save as much as three million dollars over the first three years following this buy-out, it stood to lose nine million over the next seven years. This will result in a net increase in expenses to Trenton taxpayers of six million dollars. In view of that analysis and recommendation, why did Council pass the early retirement legislation December 16th?

This is not just a buy-out. Its a sell-out! City Council, on the 16th day of December, 1993 passed a municipal tax increase, effective for fiscal year 1997. This is a built-in property tax increase on top of the revaluation this year, and on top of the other unavoidable financial emergencies we will surely encounter between now and then. Why did Council do this?

Is it because the Fire Department's (now there's a real impartial group) proposal said it would save money? It was reported that they arrived at their savings by failing to consider the retirements that will occur over this ten year period without the buy-out.

Why does Council spurn the advice of our administration professionals, and take the mis-advice of pension-benefit cost amateurs who have self-interests in the pension?

Council has just fattened the pensions of those who were planning to retire anyway, by giving away six million dollars of increased taxes. They reduced the minimum retirement age to 47 with 20 years of service. They are paying a bonus to our experienced, most valuable firemen and policeman to retire from Trenton, and to go to

work for another municipality. And this bonus to retire and go to work somewhere else is going to be paid for with a tax increase in 1997.

Police and Fire personnel age 47 or older with 20 years experience are pleased with this legislation. This taxpayer, and every taxpayer that I know are not pleased at all. We all think Council was blatantly, financially irresponsible on this issue. We think Council should correct this situation. We think that the Buy-out legislation should be repealed today!

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January 6, 1994

A Brief Discussion of Trenton's Fire and Police Pension Benefits For Normal Retirement And The Added Costs for Buy-out Retirement Benefits.

The Police and Fire Department pensions maximum benefit is a life income of 70% of final pay at 30 years of service, regardless of age when the retirement income begins.

This means that a 65 year old with 30 years of service, earning \$75,000 the last year worked, will retire with a life income of \$52,500 a year (70% of pay). It also means that a 53 year old Trenton safety officer with 30 years service earning \$75,000 the last year worked, can retire at age 53 with the same \$52,500 life income. That this "ageless" benefit formula was ever agreed to by any Council and Administration is a travesty in municipal pension benefit negotiations. Here's why.

The 65 year old retiree has a life expectancy of at least 14 years, and may be expected to collect \$735,000 in pension benefits over that period (14yrs x \$52,500). The 53 year old has a life expectancy of at least 23 years and can be expected to collect \$1,207,500 in total pension income (23yrs x \$52,500). At today's interest rates, it will cost the City 40% to 50% more to provide the 53 year old's benefits than to provide the 65 year old's.

However, the pension is a unique benefit rewarding police and firemen who stay the course to retire after 30 years of successful service. Since 30 years is the maximum service credit, and since waiting till an older age will not directly increase benefits (as it does with most private sector pensions), there is little incentive in the pension plan to continue to work longer than 30 years.

The costs of these "normal retirement" benefits are budgeted and accounted for each year as they are earned by the safety officers.

### Buy-out or Sell-out?

The early retirement buy-out was passed by Trenton City Council December 16, 1993, in opposition to Mayor Palmer's recommendation. The buy-out credits any age 47 or older Fire or Police Officer possessing 20 years or more of service, with up to five years of additional service if they will retire between January 1, and December 31, 1994. There are 86 police and 66 fire officers who qualify for this early retirement offer, and may take advantage of it.

### What Is The Immediate Cost Or Savings?

Let's assume a 47 year old safety officer earning \$44,000 accepts the buy-out and retires in 1994. Adding five years to his 23 years worked totals 28 years of service and raises his pension to 66% of final pay, or \$29,040 a year for the rest of his life, which is expected to be at least 28 years.

The estimated additional cost to the City for this early retirement is \$6,600 a year for 21 years starting in 1996. It will cost the City \$138,600 ( $\$6,600 \times 21\text{yrs}$ ) for this early retiree to collect \$29,040 a year five years sooner than if he had retired upon completion of 28 years service.

There are 86 police officers eligible for this buy-out. 80% of them responded to the City's poll that they would probably retire if the buy-out became available. If they do, in 1996 the City can expect to start paying \$440,000 a year for 21 years to finance their early retirement. That will add up to \$9,240,000 additional costs borne by the taxpayer.

There are 66 firemen eligible. Their poll revealed that approximately 50% would accept the buy-out. If they do, two years from now the City will start paying a 21-year bill of about \$235,000 annually. This will total \$4,935,000 additional costs. The combined police and fire additional cost is \$675,000 a year for 21 years, or a total of \$14,175,000.

### Where's The Savings?

If the 47 year old safety officer earning \$44,000 a year retires this year instead of waiting seven years till 30 years of service, this is how the near-term savings and long-term costs appear.

	Estimated Retirees' Salary Savings	Est.Add'l Pension Cost For 21 Years	Cost of Replacement Officers' Salary	Net Savings Or (Cost)
1994	\$22,000 1/2 yr	\$ 0	\$12,500 1/2 yr	\$ 9,500
1995	45,760 Salary	0	29,250	16,510
1996	47,590	6,600	33,500	7,470
4th yr	49,494	6,600	37,750	5,140
5th yr	51,473	6,600	42,000	2,873
6th yr	53,532	6,600	43,680	3,252
7th yr	55,673 Last yr	6,600	45,427	3,646
8th yr	25,000 Replmt	6,600	48,152	(29,752)
9th yr	29,250 Officer	6,600	50,078	(27,428)
10th	33,500	6,600	52,081	(25,181)

In this illustration, the Savings through the seventh year totals \$48,395. The Cost of years eight through 10 total \$82,361, resulting in a net cost for 10 years of \$33,966. Carrying the illustration more years will reveal the ongoing, increasing net cost.

If this retiring officer had worked seven more years till 30 years of service, we would not save the \$48,395. But neither would we be obligated to pay \$6,600 for 21 years for a total cost of \$138,600.

Let's take a look at a bigger picture.

If 80% of the 86 eligible police officers take the buy-out, 68 will retire this year. Here are the estimated costs for the 42 officers most likely to accept -those with 25 years or more service who will receive full benefits -70% of their pay.



Column A is the estimated salaries these 42 people would have earned till their 30th year when it is assumed they normally would have retired. If they retire this July, these are the amounts of salaries saved. It also includes the salaries of their future replacements, because if they retire this year, their replacements must be hired this year. 4% annual salary increases are included except for rookies whose salaries increase to \$42,000 by their fifth year of service.

Column B is the estimated additional contribution the City must pay the Pension fund for 21 years, to pay for these 42 early retirements.

Column C is salaries of the police officers that must be hired to replace the retirees.

Column D is the Savings or Costs of these 42 early retirements. It is the result of Column A minus Columns B and C.

	Estimated Retirees' Salaries Saved	Est Add'l Pension Cost For 21 Years	Cost of Replacement Officers' Salaries	Net Savings Or (Cost)
1994	\$1,172,726 1/2yr	\$ 0	\$ 525,000	\$ 647,726
1995	2,409,875	0	1,228,500	1,181,375
1996	2,229,562	201,270	1,407,000	621,292
4th yr	2,367,356	201,270	1,585,500	580,586
5th yr	2,222,331	201,270	1,764,000	257,061
6th yr	2,060,785	201,270	1,834,560	24,955
7th yr	1,496,184	201,270	1,907,934	(613,020)
8th yr	1,648,906	201,270	2,022,384	(574,744)
9th yr	1,785,539	201,270	2,103,276	(519,007)
10th yr	1,895,302	201,270	2,187,402	(493,370)
11th yr	1,971,114	201,270	2,274,898	(505,054)
12th yr	2,049,958	201,270	2,365,893	(517,205)
13th yr	2,131,956	201,270	2,460,529	(529,843)
14th yr	2,217,231	201,270	2,558,950	(542,989)
15th yr	2,305,924	201,270	2,661,308	(556,654)

This illustrates a Savings in the first six years of \$3,313,000. Starting in year seven, there is roughly \$500,000 a year Costs totaling \$4,851,886 by the 15th year. The \$201,270 pension costs will continue through the 21st year.

The point of all this is that these 42 police officers as well as 36 firemen could have retired this year with 60% to 68% of their pay, or depending on their individual service, they could have worked one to five more years and received full benefit at no additional cost to the City and its taxpayers. The total bill will depend on how many of the 152 safety officers accept the City's generous early retirement offer. Is this financially responsible legislation?

If you are opposed to early retirements at your expense, make sure you tell your councilperson how you feel. Remember this spendthrift at election time. Don Wallar 2/09/94