



March 26, 2009 UPDATE ON THE FISCAL 2009 BUDGET SITUATION

from the City of Trenton

Acting Business Administrator Dennis Gonzalez informed City Council at its special budget meeting March 26 that:

- ✓ **Discussions with the State Department of Community Affairs' Division of Local Government Services and the State Board of Public Utilities (BPU) this week have led to a planned sequence for approval of the City's fiscal 2009 budget.**
- ✓ **City Council can hold its required public hearing on the budget, and amendments to it, on April 2.**
- ✓ **Consideration by the BPU of the outside water sale is now expected at its April 3rd meeting. Anticipated approval will enable the Division of Local Government Services, which monitors and approves Trenton's budget, to take action by April 9.**
- ✓ **The State is requiring municipalities this year to defer pension benefit payments, \$6.8 million in Trenton's case. Also, the State is delaying the required City payback of \$1.5 million per year in State dollars allocated but not provided. These two deferments have reduced the deficit to \$11.7 million.**
- ✓ **In addition, the State is permitting Trenton to anticipate \$7.7 million from the water sale - and no more than that.**
- ✓ **This leaves a gap of \$4 million. There is no other way to raise those revenues except by raising taxes. So the final impact of the water sale petition not being withdrawn is an increase to the tax rate of 29 cents per \$100 of assessed value (in contrast to the 9-cent increase initially proposed by the Mayor).**