

CITY OF CAMDEN

MULTI-YEAR RECOVERY PLAN

Fiscal Years 2001 – 2003

Executive Summary

We have to do with the past only as we can make it useful to the present and the future.

Frederick Douglass

OVERVIEW

Camden, despite its strengths, is New Jersey's most distressed city. Its per capita income, its tax base, and its tax collection rates are the lowest in the State. Without corrective action, Camden faces a structural budget deficit that could reach over \$28 million by FY2003, and well over \$30 million by FY2004 – compared to a total budget that, in FY2000, was just over \$112 million. But Camden's challenges go well beyond the budgetary bottom line. The City also faces severe deficits in its basic infrastructure investment, as well as in meaningful economic opportunity for far too many residents and businesses.

This is a time for bold ideas, and for the resolve to translate them into results. *The City of Camden Multi-Year Recovery Plan* aims to balance the budget and reverse a half-century of dis-investment by launching over \$100 million in new economic development projects and municipal improvements by the Spring of FY2003. These projects would make the City Government more effective and efficient. They would integrate the City's waterfront with its central business district. They would make Camden's neighborhoods stronger.

To help achieve these goals, beginning in FY2001, the City would undertake management initiatives to expand its revenues and contain spending, without resorting to deep cuts in core services or higher taxes. Combined with new sources of recurring revenue for the City to be authorized by the State, the value of these initiatives is projected to reach \$33.4 million by FY2004, enabling the City's budget to be balanced without reliance upon Special State Aid. Successful implementation requires a commitment to effective tax collection, firmness in collective bargaining, pursuit of managed competition, and a willingness to transfer certain City functions to other local governments.

At the same time, movement toward increased self-sufficiency would not mean an end to all State support. Special State Aid for Camden would be maintained at \$13.5 million from FY2001 through FY2003, then decline to \$8.5 million in FY2004 – a level more in line with that provided to other New Jersey cities facing fiscal challenges. As local management initiatives take effect, the State would also change the nature of its Special State Aid. Instead of serving as an endless series of eight-figure subsidies to close City operating deficits, Special State Aid would increasingly be directed toward debt service to finance \$103 million of long-term, capital investment in sustainable revitalization. The amount of Special State Aid directed to closing gaps in the operating budget would decline from \$13.5 million in FY2001 to \$7.0 million in FY2003, and then zero by FY2004, when the City would be able to balance its budget independently. Concurrently, increasing amounts of Special State Aid, reaching \$8.5 million by FY2004, would be used for debt service. State approval of nearly \$3 million in new revenue sources specific to Camden, including an entertainment surcharge and a parking surcharge, would reduce the State's debt service costs. The City would be asked to offset up to one-half of the remainder of the State's debt service costs only after FY2012, when its obligations for State-authorized 1991 Fiscal Year Adjustment Bonds are fully paid.

This Recovery Plan is intended to offer hope and direction, but it also remains a working document. It provides a framework for considering and implementing initiatives to strengthen the City, while maintaining the flexibility to be adjusted as circumstances change and as those with a stake in the City's future offer their input. Its success depends upon a willingness to share burdens as well as benefits, and a commitment to results. Overcoming Camden's challenges requires nothing less.

ACKNOWLEDGEMENTS

State of New Jersey Depts. and Agencies

Counsel to the Governor
Department of Community Affairs
Economic Development Authority
Department of the Treasury
Mortgage and Housing Finance Agency
New Jersey Redevelopment Authority
New Jersey Transit
Prosperity New Jersey
South Jersey Port Corporation

City of Camden Departments

Business Administrator's Office
City Attorney's Office
City Clerk's Office
Department of Development and Planning
Department of Public Works
Department of Utilities
Electrical Bureau
Finance Office
Fire Department
Health & Human Services
Mayor's Office
Personnel Office
Police Department
Purchasing Office

Aegis Properties

Annie Casey Foundation

Ballard Spahr

Camden County Freeholders

Camden County Improvement Authority

Camden Development Collaborative

Camden Empowerment Zone

Camden Housing Authority

Camden Lutheran Housing, Inc.

Camden Parking Authority

Camden Redevelopment Authority

City of Bridgeport, Connecticut

City of Chelsea, Massachusetts

City of Chester, Pennsylvania

City of East Orange, New Jersey

City of Elizabeth, New Jersey

City of Ocean City, New Jersey

City of Paterson, New Jersey

City of Perth Amboy, New Jersey

City of Trenton, New Jersey

Comarco Quality Pork Products

Cooperative Business Assistance Corp.

Cooper Medical Center

Cooper's Ferry Development Associations

Crestbury Apartments

Delaware River Port Authority

ACKNOWLEDGEMENTS

Fairmount Capital Advisors

The Quaker Group

Fairview Historic Society

The Reinvestment Fund

Fannie Mae

Respond, Inc.

Jen-Cyn Enterprises, Inc.

Rowan University

Latin American Economic Development
Assoc.

Rutgers University, Camden

Newark Economic Development Corp.

Rutgers' Senator Walter Rand Institute
for Public Affairs

Our Lady of Lourdes Medical Center

Saint Josephs Carpenter Society

Parkside Business & Community in
Partnership, Inc.

Township of Pennsauken

*Philadelphia Industrial Development
Corp.*

University City Science Center

Philadelphia Shipyard Development
Corp.

US Dept. of Housing & Urban
Development

Pittsburgh Urban Redevelopment
Authority

US Dept. of Commerce Economic
Development Administration

Public Financial Management. Roberta Acampora, Thomas A. Banker, Miriam Cleary, Bernard Cummings, Nick Cushmore, Taryn Cyrus, Daphna Davidson, Richard Kilfoyle, Hillary Leonard, Rachel Levine, Mary Lyons, Charles Matthews, Michael Nadol, Napoleon Nelson, James Johnson Piett, Scott Quehl, Benjamin Rayer, Janet Razler, Harris Roth, Steven Rush, Ewa Weaver, Nicole Westerman, F. John White, Siobhan Young

Milligan & Company, LLP. John Milligan, Brian Seidman

MRM & Company. Susan Richter, Adrien Theriault

National Academy of Public Administration. Manuel Deese, Daniel Manyindo, Sylvester Murray, Robert J. O'Neill, Jr., Douglass R. Peck

Real Estate Strategies, Inc. Elizabeth M. Beckett, Emily Kwarta, Donald J. Pross, Margaret B. Sowell

EXECUTIVE SUMMARY



City of Camden Multi-Year Recovery Plan



EXECUTIVE SUMMARY

Change occurs only when there is a confluence of changing values and economic necessity.

John Naisbitt, *Reinventing the Corporation*

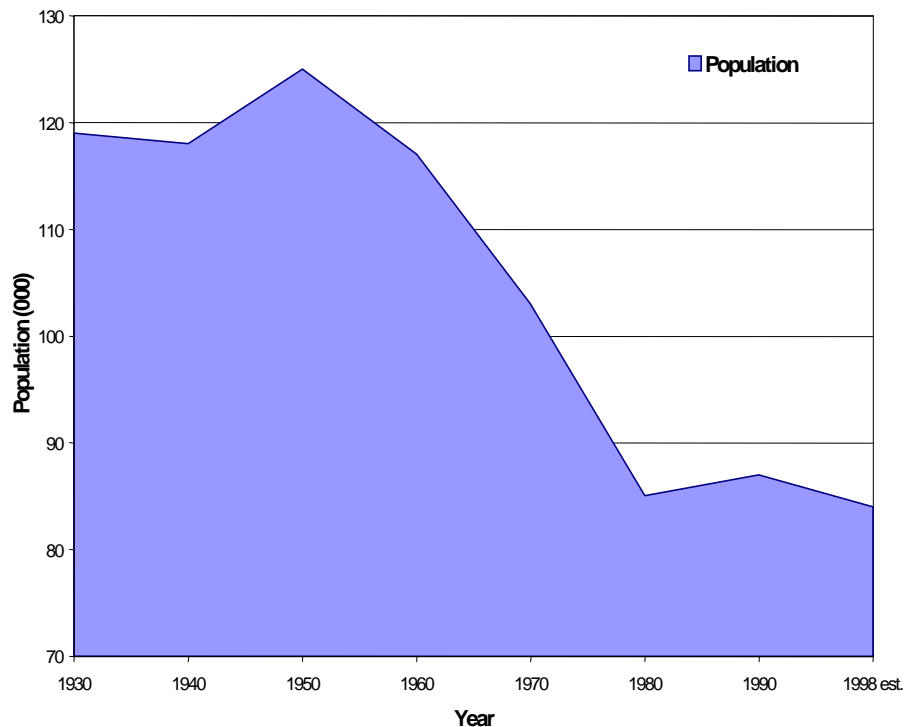
CONTEXT

At the close of the Second World War, Camden stood very tall, for a city of 125,000 people. It served as headquarters for some of the country's most important corporations – RCA and Campbell's. Its shipyard was mighty. Its port, thriving. Its downtown, bustling. Its medical institutions, pillars of the City. Its neighborhoods, buzzing with vitality.

Following the end of the war Camden did so much to win, the City lapsed into decline. The country's massive investment in highways and housing and industry passed Camden by. The population dropped by over 40,000, to an estimated 83,546 by 1998.

While portions of its waterfront have rebounded over the last decade, most of Camden has suffered from a half-century of disinvestment. The deteriorated state of too many of its public buildings, its central business district and housing stock, and its basic infrastructure is plain. As the City's drop in population suggests, Camden's ability to compete for residents and businesses has deteriorated badly.

CAMDEN LOST 40,000 PEOPLE IN 50 YEARS



At \$7,276, Camden's per capita income is the lowest in New Jersey, standing at only 65% of the average for comparable cities,¹ and 39% of the state average. Further, the median household income in Camden in 2000 is only \$21,944, compared with the \$56,650 median for all households in New Jersey. More than 45% of the City's households have incomes below \$20,000. Camden's unemployment rate remains over 13% -- more than three times the rate for the rest of New Jersey.

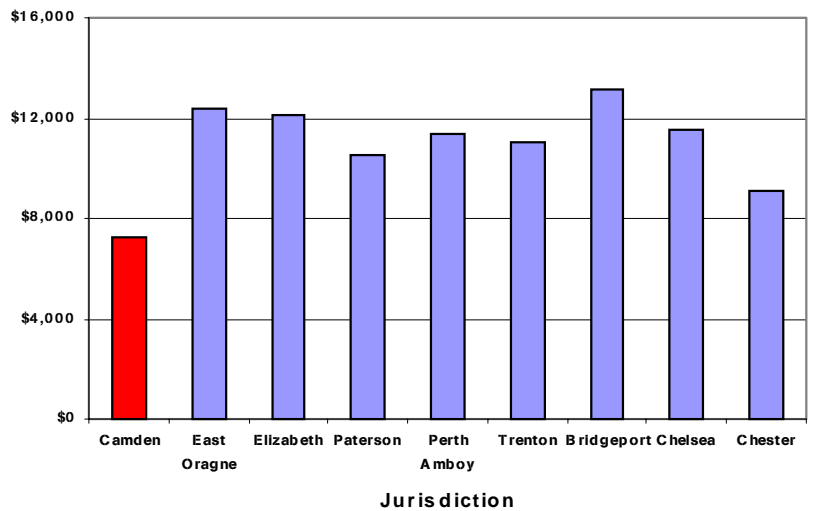
¹ East Orange, Paterson, Elizabeth, Trenton, and Perth Amboy.



Over 40% of its residents are under 20 years of age, and it is estimated that more than 7 in 10 receive some form of public assistance. Most of the City's major industrial employers are gone. Construction has been scarce, except in cases where large public subsidies have been offered.

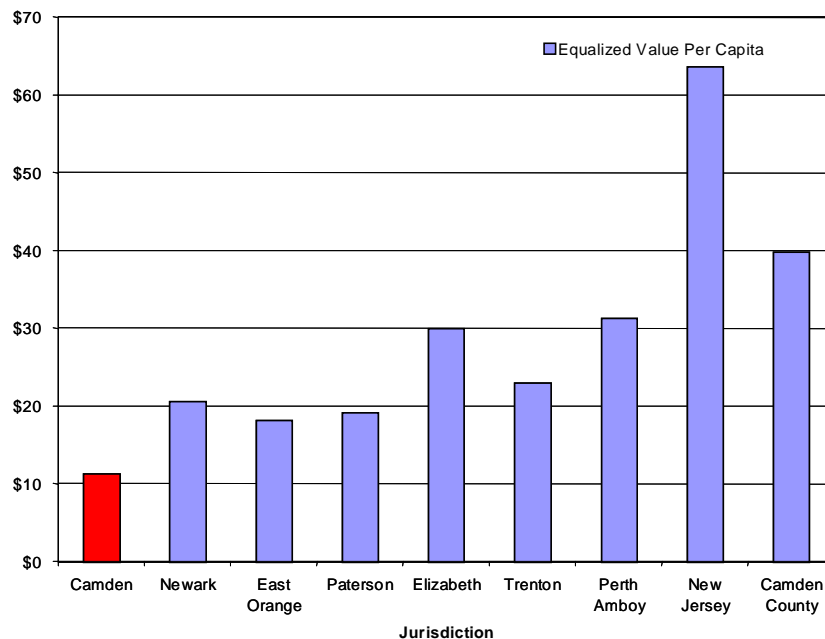
Perhaps the best indicator of Camden's status is the condition of its real property. While the rest of New Jersey enjoys a boom in values, Camden's ratable base declined steadily during the 1990s. Camden has the smallest tax base (measured as equalized value per capita) in New Jersey, its level about one-half that of other cities, one-fourth that of Camden County and only 17% of the state average. The average one-family home in Camden has a market value of under \$26,000. At the same time that \$100 million in ratables was disappearing, almost \$200 million in exempt property was added. Today, almost half of the assessed value of property in Camden is exempt from taxation.

PER CAPITA INCOME OF CAMDEN'S RESIDENTS LAGS BEHIND INCOMES FOUND IN COMPARABLE CITIES



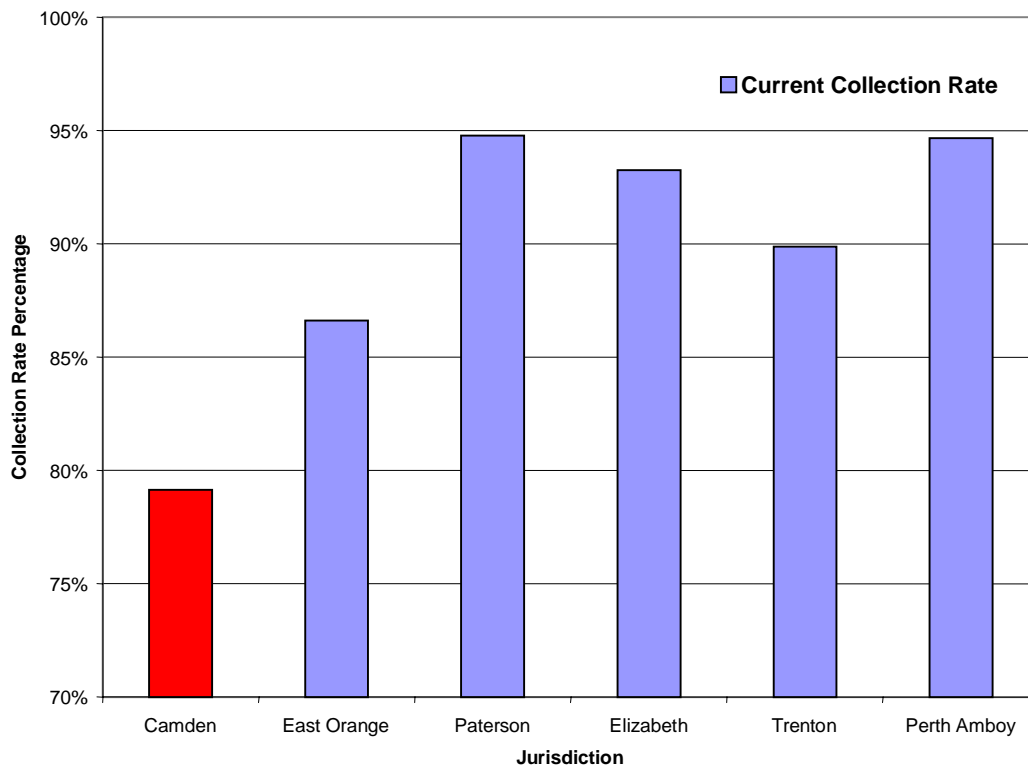
Camden's limited tax base strains its financial condition, and its tax collection problems make matters worse. Although real estate taxes comprise over two-thirds of locally generated revenues, the City does not rigorously enforce collection, with the result that it receives only about 77% of its levy on a current basis. Out of the 26,668 parcels of land in the City, nearly three out of ten (7,786) are in serious tax arrears. Delinquent taxes increased steadily in the 1990's, and there is now more than a full year's municipal taxes in arrears.

CAMDEN'S TAX BASE IS THE LOWEST IN THE STATE



Also diminishing the City’s ability to retain and attract residents and businesses is the quality of its public services. A stronger Police Department has been able to cut Part I crimes, such as murder, robbery, rape, and aggravated assault, by 15% in only one year. Yet the perception and reality of crime, including open-air drug markets, persists. Some improvements have been made in the City’s use of information technology, yet much work remains before this investment in employee productivity is translated into better service to residents at lower costs. While not within the responsibility of the City government, Camden’s schools face difficult challenges of a depth and breadth not found in neighboring jurisdictions.

CAMDEN’S TAX COLLECTION RATE IS WORSE THAN THAT FOUND IN CITIES FACING SIMILAR CHALLENGES



Despite all of its challenges, Camden has a number of advantages that can support its recovery, if their potential is fully realized. Camden’s non-profit, community-based, and voluntary organizations are energetic and very committed to the City’s recovery. Its higher education and medical providers remain vibrant. The City enjoys ready access to the region’s highways and a nearby international airport. One of its most valuable assets – its waterfront – supports entertainment, tourism, and port operations, building on synergies with Philadelphia across the Delaware River. Fiber optic cable has been laid through Camden – valuable infrastructure already in place for technology-intensive businesses willing to invest in the City. There is a network of government-sponsored organizations able to plan and implement large capital projects that spur economic development.

At issue is how Camden can establish an environment in which it can claim the benefits of these advantages. Due to the combined effects of fiscal instability, poor internal controls, 50 years of dis-investment, high taxes, and perceived and real shortfalls in service levels, the *status quo* will



not be enough to build on Camden's comparative advantages and catalyze Camden's recovery. The State of New Jersey has provided increasing levels of financial and administrative support to the City during the 1990s. Yet, absent the type of bold actions called for in the Multi-Year Plan, such assistance has been unable to stem materially the deterioration of the City's condition and image. Indeed, the State, through Special State Aid, continues to support a large share of the City budget, while providing additional funds for a variety of neighborhood and economic development initiatives.

The New Jersey Legislature is considering two bills that would assist municipalities in dire financial condition through the receipt of a wide range of benefits to aid in a financial recovery. These benefits would include an economic revitalization fund, corporate business tax rebates, Special State Aid, professional development for employees, and a freeze on municipal property taxes. Local government operations, meanwhile, would be temporarily turned over to a State-appointed management officer.

THE PLAN'S PURPOSE, STRUCTURE & PRINCIPAL THEMES

Purpose

This is not a time for incrementalism. The *City of Camden Multi-Year Recovery Plan* ("Multi-Year Plan") is a working document, providing direction and options to help City achieve its great promise. The Multi-Year Plan aims to meet the City's challenges by achieving the following objectives:

- Building the capacity of the City Government, by investing tens of millions of dollars to improve City facilities, equipment, and technology;
- Expanding economic opportunity, as well as the City's ability to retain and attract residents and businesses, through capital investment in projects to develop the City's economy;
- Establishing an environment of fiscal stability, by setting the City on the path of eliminating its budget deficit without dependence upon Special State Aid; and
- Strengthening Camden's competitiveness by avoiding such quick fixes as tax rate increases and cuts to basic municipal services to balance the budget.

The Multi-Year Plan is a *working plan*. As such, it provides a framework for considering and implementing initiatives in FY2001 through FY2003 to strengthen the City's recovery, while maintaining the flexibility to be adjusted as circumstances change and as those with a stake in the City's future offer their input.

Structure & Principal Themes

The Multi-Year Plan is composed of four, interlocking component plans: the Budget Plan; Operations Plan; Capital Plan; and Economic Development Plan.



The Budget Plan. The Budget Plan begins by projecting structural budget deficits that – without corrective action – would accumulate from FY2001 through FY2003 to \$71.1 million, and to \$104.5 million by FY2004. In years past, such a deficit would be closed through a combination of one-time measures, tax rate hikes, and Special State Aid ranging from 11 and 13% of the City’s operating budget. For Camden’s recovery to be sustained, the Budget Plan calls for a new approach. By FY2004, the City’s operating budget deficit would be eliminated without the support of Special State Aid, due to the accumulated impact of the management initiatives described in the Operations Plan. Special State Aid would be maintained at the FY2000 level of \$13.5 million through FY2003, then be reduced to \$8.5 million by FY2004. The nature of this Special State Aid would change – as increasing shares of it would be shifted from operating subsidy to debt service, to finance over \$100 million in economic development projects and municipal improvements described in the Capital Plan by the close of FY2003.

Consistent with the priorities described in the Economic Development Plan and Capital Plan, the projects to be financed by the State would achieve visible results in strengthening Camden’s neighborhoods and in integrating the City’s waterfront with its central business district. They would also make the City Government more effective and efficient. The State or a State-sponsored entity would issue \$51.5 million in bonds in FY2001; \$27.2 million in FY2002; and \$24.2 million in FY2003, and take responsibility for the debt service. With the budget deficit eliminated in FY2004, the amount of Special State Aid directed to Camden would be reduced to the \$8.5 million required for debt service, \$5 million less than that provided in FY2000 and FY2001 – a level more in line with that provided to Paterson and East Orange.

Almost \$3.0 million of the \$8.5 million in debt service costs would be offset by new, State-authorized revenue sources special to Camden, including a 6% entertainment surcharge and a 15% parking surcharge for waterfront venues. The State would not seek the City’s support in sharing the costs of the remaining \$5.5 million until FY2013, when the City’s payment of debt service for its 1991 Fiscal Year Adjustment Bonds is completed. After the \$51.5 million investment in the Spring of 2001, State-sponsored bond issuance on Camden’s behalf in 2002 and 2003 would be based upon Camden’s ability to meet targets for deficit reduction. These targets would be \$15.1 million in FY2002 (the amount estimated to be sufficient to reduce Special State Aid needed to fill gaps in the operating budget to \$9.25 million) and \$21.8 million in FY2003 (reducing Special State Aid for the operating budget to \$7.0 million). The City’s implementation of \$33.4 million in initiatives by FY2004 would be sufficient to for it to balance its budget without Special State Aid.

The Operations Plan. Camden’s challenges are large, numerous, and complex. Proposed solutions should be of sufficient scale to meet them. The Operations Plan describes issues affecting the City’s ability to collect revenue and contain workforce and other costs. It presents the mission, objectives, current organizational structure, and recent accomplishments of most of the City’s operating departments. At the end of each section of the Operations Plan, specific management initiatives to expand revenues, contain costs, or improve productivity are presented. The estimated fiscal impact of these initiatives is provided when supporting data is sufficient. The Plan calls for the City’s commitment to effective tax collection, firmness on collective bargaining, pursuit of managed competition, and a willingness either to consolidate certain City functions, or transfer them to other local governments. These initiatives are itemized in Appendix A.



The Plan's management initiatives offer policy officials many options. If all of the initiatives were implemented successfully, the City would exceed Plan's deficit reduction targets by \$11.1 million in FY2002 and \$8.9 million in FY2003, and \$1.4 million in FY2004, when Special State Aid would no longer be provided to balance the budget. The City alone would not be able to put in place all of these initiatives, falling short of the amount needed to balance the budget in FY2002 by over \$1 million in FY2003, by nearly \$6 million in FY2003, and over \$15 million in FY2004. Reaching Budget Plan targets will require the support of the State Legislature, the County, and unions representing City employees. Everyone with a stake in Camden's future should be engaged in the City's recovery. It is clear, however, that a scarcity of resources will not allow equal satisfaction for all stakeholders. The initiatives included in the Plan would incur a measure of cost to many interests – including the State Government.

The Capital Plan begins by describing the City's debt position. Only 6% of the City's \$20.1 million in outstanding debt – about \$15 per capita – has been directed to capital improvements; the rest has gone to Fiscal Year Adjustment Bonds, used to cover a half-year of operating costs in 1991, when the State authorized an adjustment in the fiscal year calendar. The Capital Plan then describes the City's planned issuance of \$20 million in bonds in the Spring of FY2001 to finance public safety improvements and redevelopment activities. These bonds would be backed by State Aid intercept provisions.

Appendix D presents projects that could be funded by the City's \$20 million bond issue, as well as those projects to be funded over three years under the Multi-Year Plan: \$63 million for municipal improvements; and \$40 million for economic development projects. Not counted among the projects to be funded by the \$20 million or \$103 million investments are those already being financed by the State or other entity, such as school construction, the Light Rail, TRAM, Hope VI housing developments, or water/sewer projects that are the responsibility of the municipal utility.

The Economic Development Plan was developed with the understanding that a healthier balance sheet can only take Camden so far. Sustained recovery, with reduced dependence on the State to fund operations, requires economic vitality and local revenue growth. The central elements of the Economic Development Plan are (1) the establishment of an organizational structure that could provide leadership and administrative capacity for directed economic development activities, (2) formalizing mechanism for stakeholder involvement, (3) providing visible evidence of progress and change, (4) leveraging funds received from the State; (5) retaining existing businesses and attracting new ones; (6) assembling land for redevelopment; (7) providing the training Camden residents need to get jobs; and (8) preserving and enhancing the tax base by stabilizing targeted neighborhoods. Appendix E describes approaches for revitalizing eight development districts within the City over the next five years. The remainder of the Executive Summary is devoted to synopses of each of the four component plans.

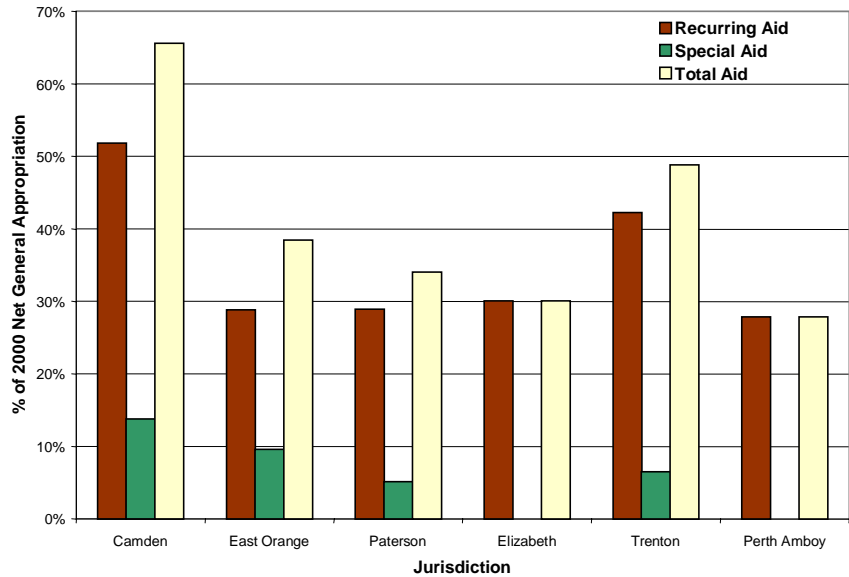
THE BUDGET PLAN

Size of the Structural Deficit

Special State Aid payments reaching 11 to 13% of Camden's operating budget have long been used to close the City's operating budget deficits. No municipality in New Jersey depends more heavily on this level of support from the State.

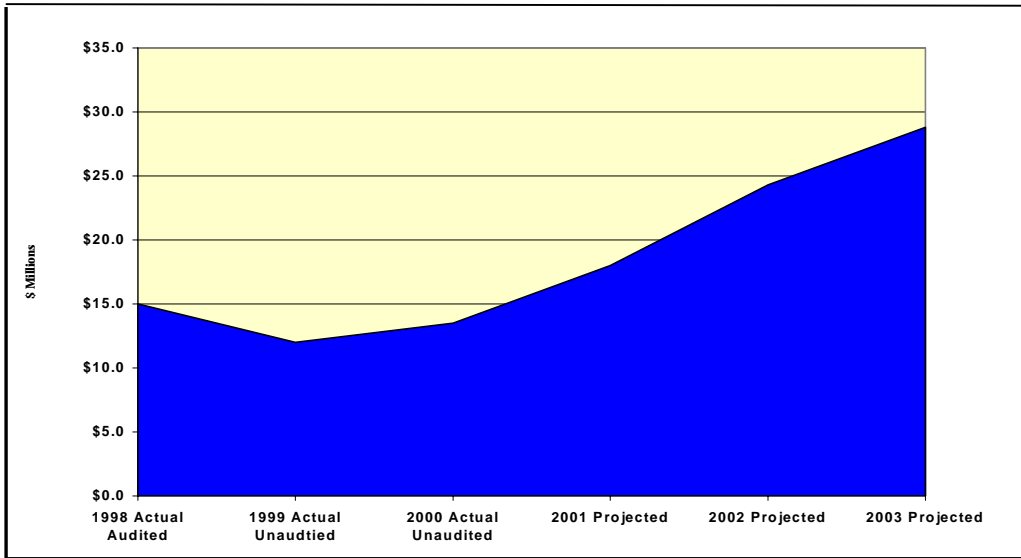


STATE AID MAKES UP A HIGHER SHARE OF CAMDEN'S BUDGET THAN FOR CITIES FACING SIMILAR CHALLENGES



Absent corrective action, the use of non-recurring revenue in FY2001, or sweeping service cuts, Special State Aid to close the deficit in its Current Fund can be expected to reach \$18.0 million in FY2001, \$24.3 million in 2002, and \$28.8 million by FY2003. This accumulated deficit of \$71.1 million by the close of FY2003, and \$104.5 million through FY2004 is enormous, in light of a City budget that was only \$112.4 million in FY2000.

THE STRUCTURAL DEFICIT IF NO CORRECTIVE ACTION IS TAKEN



Special State Aid: From Subsidy to Investment. Despite accelerating costs and flat or declining revenue that would expand the deficit – and with it, Special State Aid – implementation of the Multi-Year Plan would balance Camden’s operating budget while holding



Special State Aid at \$13.50 million through FY2003. While beyond the duration of this Multi-Year Plan, Special State Aid would be reduced to \$8.50 million by FY2004.²

As shown in the table that follows, the share of the \$13.50 million in Special State Aid used to subsidize the operating deficit would be reduced to \$9.25 million in FY2002, \$7.00 million in FY2003, and \$0.00 in FY2004. In FY2002, \$4.25 million out of the \$13.50 million in Special State Aid would be used for debt service to finance the State's \$51.50 million investment made in the Spring of 2001 for economic development projects and municipal improvements in Camden. Special State Aid would remain at \$13.5 million, but the amount directed to the operating budget would be \$9.25 million. In FY2003, that State would authorize a total of \$6.50 million for debt service to finance the \$51.50 million of FY2001 capital projects, and \$27.20 million in additional capital projects launched in the Spring of FY2002. Special State Aid would remain at \$13.5 million, but only \$7.0 million of that would be used for the operating budget. By FY2004, all of the \$8.50 million of Special State Aid would be used for debt service, sufficient to fund debt service incurred during the previous year, and \$24.20 million of new capital projects initiated in FY2003. In all, the \$8.50 million in debt service would finance \$102.90 million in capital investment made from FY2001 to FY2003.

	FY2001	FY2002	FY2003	FY2004	Total FY2001-FY2003	Total FY2001-FY2004
Total Special State Aid	13.50	13.50	13.50	8.50	27.00	35.50
Special State Aid to Balance Camden's Operating Budget	13.50	9.25	7.00	0.00	29.75	29.75
Special State Aid for Debt Service to Meet Capital Investment Target	0.00	4.25	6.50	8.50	10.75	19.25
State Capital Investment Target for Camden Projects	51.50	27.20	24.20	0.00	102.90	102.90

Deficit Reduction Targets. The driving force behind deficit reduction would be the management initiatives identified in the Operations Plan, aimed at raising revenues above – or containing spending below – projected levels. Because most of the initiatives would take time to implement, FY2001's \$18.0 million deficit would be closed by the use of \$4.5 million of inter-fund transfers and other one-time adjustments (net of one-time expenditures), as well as the use of all \$13.5 million of Special State Aid budgeted for Camden. Therefore, targeted deficit reduction impact of the management initiatives in FY2000 would be \$0.00. As these initiatives take affect, their targeted impact would be \$15.05 million in FY2002, and \$21.80 million FY2003, totaling \$36.85 million. The FY2004 impact of the management initiatives would have to reach \$33.4 million for Camden to balance its budget without Special State Aid, freeing all \$8.5 million of such Aid for debt service. The table that follows connects:

- The City's accumulated structural deficit of \$71.10 million through FY2003 and \$104.50 million by FY2004, as projected in the Budget Plan;
- The elimination of this deficit through a combination of management initiatives presented in the Operations Plan (fiscal impact growing to an accumulated \$36.85 million by the end of

² FY2004 figures and management initiative targets are cited in the FY2001–2003 Recovery Plan for two reasons. It is the first year that Camden could be expected to balance its operating budget without the support of Special State Aid. And FY2004 is the first year that the accumulated \$8.5 million of debt service associated with the three-phased, \$103 million of State capital investment would be realized; it is assumed that debt service for the \$24.2 million third-phase, planned for the Spring of FY2003, would not begin until FY2004.



FY2003 and \$70.25 million through FY2004), one-time adjustments in FY2001 (\$4.5 million), and declining shares of State Aid directed to subsidizing the operating budget (falling from \$13.5 million in FY2001 to zero in FY2004); and

- The State’s ability to finance by FY2003 \$102.90 million of projects identified in the Capital Plan and prioritized in the Economic Development Plan, through an expanding amount of Special State Aid directed to debt service (climbing from \$4.25 million in FY2001 to an accumulated \$8.5 million by FY2004).

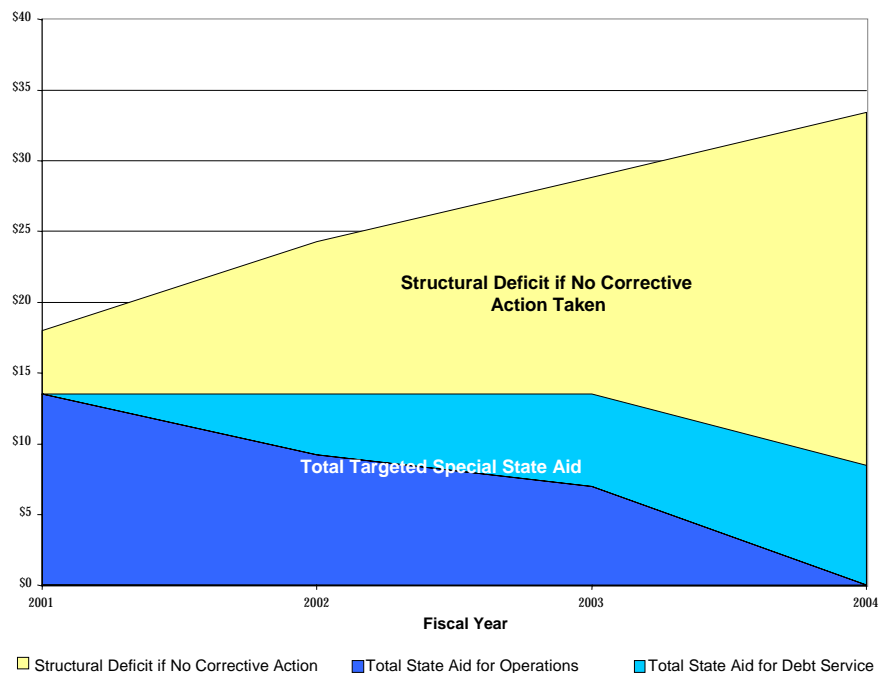
	FY2001	FY2002	FY2003	FY2004	Total FY2001-2003	Total FY2001-2004
Projected Structural Deficit	18.00	24.30	28.80	33.40	71.10	104.50
Management Initiatives to Meet Deficit Reduction Target	0.00	15.05	21.80	33.40	36.85	70.25
State-Approved One-Time Measures to Balance Operating Budget (1)	4.50	0.00	0.00	0.00	4.50	4.50
Special State Aid to Balance Operating Budget (2)	13.50	9.25	7.00	0.00	29.75	29.75
Annual Operating Deficit	0.00	0.00	0.00	0.00	0.00	0.00
Special State Aid for Debt Service to Meet Capital Investment Target	0.00	4.25	6.50	8.50	10.75	19.25
State Capital Investment Target for Camden Projects	51.50	27.20	24.20	0.00	102.90	102.90

(1) Includes the use of inter-fund transfers and similar one-time adjustments.

(2) Does not include State revenues for program-specific grants or inter-governmental transfers regularly made to New Jersey municipalities.

The graph below shows the swelling of the structural deficit from FY2001 - 2004, if nothing is done to prevent it, compared to the Budget Plan’s targeted level of total Special State Aid during these years, and the diminishing share of Special State Aid directed to the operating budget.

HOLDING THE LINE ON SPECIAL STATE AID WHILE INVESTING IN CAPITAL IMPROVEMENTS



If Camden balances its budget on its own, the State's commitment to financing capital improvements in the City would ensure that Special State Aid would not disappear. The \$8.5 million a year in debt service would provide a level of Special State Aid comparable, as a share of the operating budget, to what has been provided in Paterson and East Orange.

The State could offset a portion of the debt service associated with the capital investment in Camden by authorizing new revenues sources particular to the City, including an entertainment surcharge, and a parking surcharge. They would generate an estimated \$2.08 million in revenue in FY2002, \$2.63 million in FY2003, and \$2.93 million by FY2004. This revenue would be deposited in a Camden Economic Revitalization Fund supervised by the State, with input from the City and other Camden stakeholders. These deposits would reduce the State's debt service costs to \$2.17 million in FY2002, \$3.87 million in FY2003, and \$5.57 million in FY2004 – far lower than projected amounts of Special State Aid necessary to balance Camden's budget if no corrective action is taken.

Once the debt service on the 1991 Fiscal Year Adjustment Bonds, described in the Capital Plan expires in FY2013, the City would meet one-half of the remaining State debt service not offset by new revenue sources. The other half would be used for property tax reduction, service expansion, or additional capital investment.

To support the City's efforts to balance its budget, the State would consider authorizing two new revenue sources – a 1% entertainment surcharge for visits to waterfront venues, and a 911 surcharge of \$1 per month per telephone line. These would generate an estimated \$720,000 in FY2002, and \$840,000 a year by FY2003, reducing the amount of management initiatives to be implemented by the City from \$15.05 million in FY2002 to \$14.33 million and from \$21.8 million in FY2003 to just under \$21 million. The following graphic summarizes how these management initiatives and newly authorized revenue sources would be translated into deficit reduction and debt service for capital investment.

In FY2002, a combined \$15.05 million of initiatives would be directed to deficit reduction -- \$0.72 million from the State-authorized 911 and entertainment surcharges, and \$14.33 million from savings and revenue initiatives pursued by the City's management. Meanwhile, \$2.08 million in waterfront surcharge revenues would be directed to reduce the \$4.25 million debt service cost to the State of issuing \$51.5 million in bonds to finance the proposed projects itemized in Appendix D of the Capital Plan.



**OPERATIONS PLAN
SAVINGS & REVENUE INITIATIVES**

**STATE AUTHORIZED NEW REVENUE
TO SUPPORT DEFICIT REDUCTION**

(\$ Millions)	
FY2001	0.00
FY2002	0.72
FY2003	0.84
FY2004	0.94
Total	2.50

(\$ Millions)	
FY2001	0.00
FY2002	14.33
FY2003	20.96
FY2004	32.46
Total	67.75



**STATE AUTHORIZED NEW REVENUE
TO OFFSET PORTION OF DEBT SERVICE**

(\$ Millions)	
FY2001	0.00
FY2002	2.08
FY2003	2.63
FY2004	2.93
Total	7.64

(\$ Millions)	
FY2001	0.00
FY2002	15.05
FY2003	21.80
FY2004	33.40
Total	70.25

**Management Initiatives Required to
Eliminate Structural Deficit**

Additional Debt Service (\$ Millions)	
FY2001	0.00
FY2002	4.25
FY2003	6.50
FY2004	8.50
Total	14.25

**Initiatives & New Revenue for \$103 Million
in Capital Investment**

OPERATIONS PLAN

By providing quality basic services at reasonable costs while maintaining fiscal stability, city governments create environments in which existing residents and businesses can thrive, and new ones choose to invest. There have been some improvements in Camden, in such areas as public safety and the use of information technology. Hundreds of City employees and public officials are committed to building a stronger City. But much more remains to be done to establish conditions that will retain and attract residents, businesses, and private capital investment. Philadelphia, New Haven, and the District of Columbia have shown that even cities in the midst of crisis can do much to recover through plans change how they do business and through the leadership to implement them. The principal approaches applied by the Operations Plan to expand Camden's revenues include taking full advantage of revenue initiatives that can be implemented under City authority, and providing State authorization for new revenue sources that can be dedicated to offsetting the costs of debt service used for capital improvements in the City.

Approaches focused upon containing spending within the City's fiscal means include the following:

- Taking a resolute approach to collective bargaining;



- Encouraging competition to improve service delivery;
- Transferring or sharing functions and operations with local governments and non-profits;
- Bolstering the authority of the professional Business Administrator, while clearly aligning department responsibilities;
- Regular and systematic financial reporting and measuring results; and
- Investing in innovation and technology.

To achieve the deficit reduction and capital investment targets outlined in the Budget Plan, the Operations Plan identifies well over 100 management initiatives that could help Camden realize a total accumulated value of \$56.83 million in new revenues or savings from FY2001 through the close of FY2003. Of this amount, \$23.01 million are revenue initiatives and \$33.82 million are savings or productivity initiatives. The value of these initiatives exceeds the Budget Plan's targets for deficit reduction by \$11.05 million in FY2002, \$8.92 million in FY2003, and \$1.42 million in FY2004.

**THE VALUE OF POTENTIAL INITIATIVES EXCEEDS TARGETS
(In \$ Millions)**

	FY2001	FY2002	FY2003	FY2004	Total	Total
					FY2001-FY2003	FY2001-FY2004
Revenue Initiatives (Except New Surcharges to Offset Debt Service)	0.00	10.95	12.06	13.46	23.01	36.47
Savings & Productivity Initiatives	0.00	15.15	18.67	21.35	33.82	55.17
Total Initiatives for Deficit Reduction	0.00	26.10	30.72	34.82	56.83	91.64
Initiatives Required to Meet Budget Targets	0.00	15.05	21.80	33.40	36.85	70.25
Room for Options: Excess in Value of Initiatives	0.00	11.05	8.92	1.42	19.98	21.39

As shown in the table below, the City could implement under its own authority initiatives with an accumulated impact of \$29.88 million by the end of FY2003, of which \$21.75 million would be revenue initiatives and \$8.14 million savings initiatives. These amounts fall short of each Fiscal Year's Budget Plan targets by an accumulated \$6.97 million.

**INITIATIVES WITHIN MUNICIPAL CONTROL
(In \$ Millions)**

	FY2001	FY2002	FY2003	FY2004	Total	Total
					FY2001-FY2003	FY2001-FY2004
Revenue Initiatives under Municipal Control	0.00	10.23	11.52	12.52	21.75	34.27
Savings & Productivity Initiatives under Municipal Control	0.00	3.70	4.43	5.54	8.14	13.67
Total Initiatives within Municipal Authority to Implement	0.00	13.94	15.95	18.06	29.88	47.95
Initiatives Required to Meet Budget & Investment Targets	0.00	15.05	21.80	33.40	36.85	70.25
Excess in Value of Initiatives over Targets	0.00	-1.11	-5.85	-15.34	-6.97	-22.30



The \$15.34 million shortfall shown in the preceding table in FY2004 alone – the year in which the City would be balancing its budget without dependency on Special State Aid – makes it clear that Camden needs help from the State, the County, and the unions that represent its employees to put its fiscal house in order.

The table below shows that out of an accumulated \$56.83 million of total initiatives available for deficit reduction, \$26.94 million could be put in place through the support of either another government or the City’s unions.

	FY2001	FY2002	FY2003	FY2004	Total FY2001-FY2003	Total FY2001-FY2004
Total Initiatives Available for Deficit Reduction	0.00	26.10	30.72	34.82	56.83	91.64
Initiatives within Municipal Authority to Implement	0.00	13.94	15.95	18.06	29.88	47.95
Initiatives Requiring Approval of Unions or Other Governments	0.00	12.17	14.78	16.75	26.94	43.70

An example of an initiative requiring the approval of another government would be Initiative # 900 (see Appendix A for more information), which proposes having the County and City non-profits assume responsibility for the City’s Health & Human Service functions. In all, savings initiatives requiring the approval of other governments, could yield almost \$3.7 million. Even more important is the outcome of collective bargaining with the Police, Fire, and civilian employees unions. Initiatives requiring union approval would save Camden over \$10 million a year.

These figures reflect a conservative discounting methodology, in which it is assumed that implementation delays will reduce the projected full-year value of each initiative by 100% in FY2001. In FY2002, 20% of the estimated value of most of these initiatives is discounted. In FY2003, the estimated value is discounted by 10 percent. The figures shown in the tables above reflect this discounting methodology.

To offer policy officials options about which initiatives to implement, enough initiatives have been identified that their estimated fiscal impact exceeds amounts needed to eliminate the City’s budget deficit without reliance on Special State Aid.³ Excesses in savings or new revenues over targeted levels could be applied to service improvements or tax reduction. It would be wise to put in place initiatives with combined fiscal impacts that exceed the targets, since \$5.6 million of revenue initiatives are non-recurring beyond FY2004, including sale of foreclosed land and reductions in backlogs of delinquent taxes and Court fees and fines. Regardless of the options selected, those committed to Camden’s recovery must be committed to effective tax collection, take a firm stand on collective bargaining, pursue competitive contracting, and reshape the City’s systems and functions to live within its fiscal means.

Revenue Initiatives

Own-Source Revenue Initiatives. The Operations Plan identifies \$21.75 million in revenues that could be collected from FY2002 through FY2003 from management initiatives within the

³ Costs of transferring certain costly functions to other governments – such as management of the 911 System – have not been netted out of savings estimates.



City's authority, apparently without relying on State legislation or the support of other local governments or the City's public employees unions. A number of these are described below (figure describe FY2003 impact):

- Improve current tax collection rate to that of comparable jurisdictions (\$3.38 million);
- Pursue delinquent tax collection, augmenting City efforts by engaging expert contractors (\$3.6 million);
- Rigorous foreclosure policy, not only improving public safety and making land available for redevelopment, but generating revenue from sales (\$2.25 million), rental income (\$270,000), and avoiding County levy obligations for land that is not being put to use (\$765,000);
- Continue strengthening investment management (\$338,000);
- Make maximum use of indirect cost plan for grants (\$450,000);
- Base future Payments-In-Lieu-Of-Taxes (PILOTs) on "percent of revenue method," instead of "percent of construction cost" method (To Be Determined);
- Establish or increase false alarm, towing, "jobs in blue," and other policing-related charges (\$180,000); and
- At a minimum, charge the South Jersey Port Corporation (SJPC) an additional Payment-In-Lieu-Of-Taxes (PILOT) for land holdings not directly used for port operations, if the SJPC is not required to turn over such land to a qualified entity for redevelopment on the City's behalf. This initiative would require State approval.

Newly Authorized Revenue Sources. The Operations Plan emphasizes building the City's capacity to put its own fiscal house in order. Still, Camden needs recurring sources of revenue. A 911 Surcharge of \$1 per phone line per month (similar to that used in Philadelphia, Nassau County, New York, and Fulton County, Georgia), as well as a 1% entertainment surcharge could serve this purpose. In addition, the State may consider authorizing the 6% entertainment and 15% parking surcharge on the waterfront, yielding nearly \$3 million to cover a portion of its debt service costs for State-approved and supervised capital projects. Special taxes tailored to the special characteristics of Atlantic City, Jersey City, and Newark have been instituted to support their recoveries, while a parking surcharge of 15% has been put in place in Jersey City and Newark.

Grants. The Grants Management section of the Operations Plan asserts that Camden will have to do a better job of managing existing grants to gain the credibility with grantors necessary to realize the full potential of this important revenue source. The establishment of a grants management unit is a promising start. However, internal controls need to be strengthened, as do the coordination of department requests, monitoring of disbursements, integration of internal grants application approvals with the budget process, and other aspects of grants management.

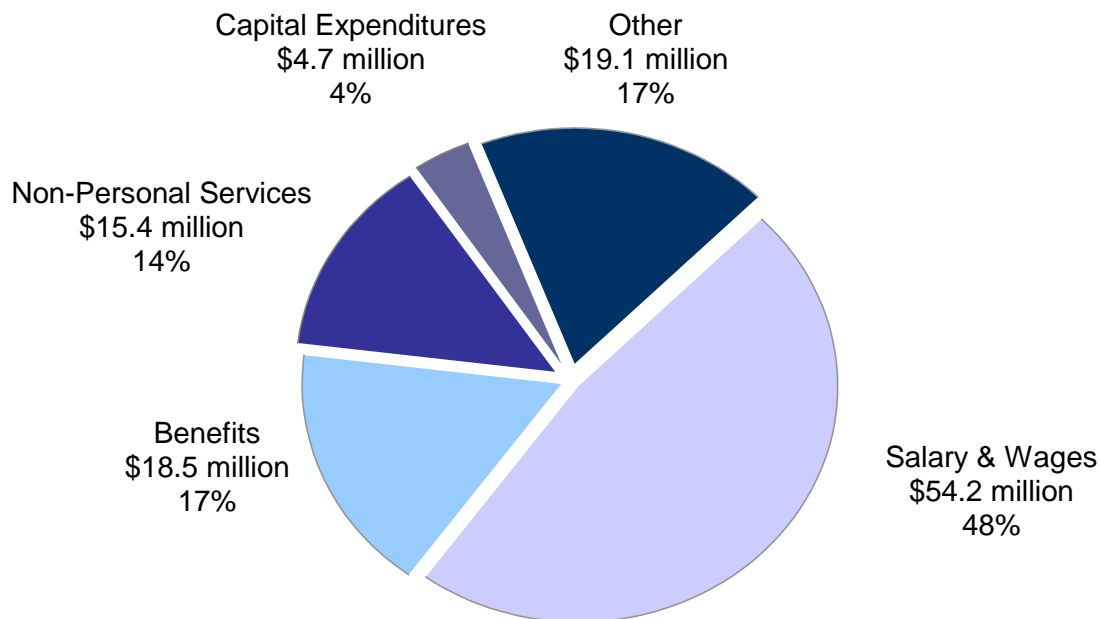


Expenditure Initiatives

Given the importance of providing basic services to its recovery, Camden cannot simply cut its way to fiscal health. Yet a number of areas present themselves for containing or reducing costs within the City's fiscal means. While apples-to-apples comparisons are difficult, it appears that relative to the cities of Paterson, Perth Amboy, East Orange, Elizabeth, and Trenton, only the latter exceeds Camden's \$962 of total departmental spending per resident, or the \$642 per resident spent on salaries and wages for Camden's employees.⁴

Resolute Approach to Collective Bargaining. The health of the City of Camden depends in many ways on the commitment and skill of a fairly compensated, motivated workforce. Because running a local government is such a labor-intensive enterprise, Camden's largest expense is employee wages and benefits, estimated at 65% of Current Fund expenditures, or \$72.7 million in FY2000.

PERSONNEL COSTS ACCOUNT FOR TWO-THIRDS OF THE CITY'S CURRENT FUND BUDGET



Source: City of Camden FY2000 Estimated Actuals

The Operations Plan seeks to use collective bargaining to maintain fair wages and benefits, while reinforcing management rights and offering compensation within the City's ability to pay. Personnel costs account for nearly two out of every three dollars spent by the City. Many of these costs can be contained while still providing fair compensation. For example, many City employees receive benefits not earned by most of Camden's taxpayers, such as free medical insurance and virtually unrestricted prescription coverage. This contributes to a projected 18% explosion in prescription costs by FY2003, according to State estimates. Even providing "cost of living" wage increases of 2% would cost Camden a cumulative \$6.7 million over the life of the

⁴ Figures do not include *Reserves for Uncollected Taxes*.



Multi-Year Plan. The City and State recognize that achievement of the following provisions will be vital to Camden's fiscal health:

- Freeze wages during the course of the Multi-Year Plan (\$2.53 million by FY2003);
- Eliminate longevity pay (\$1.61 million) and minimize other premiums;
- Increase step duration to 18 months and create new "probationary step (\$293,000);
- Reduce holidays from 14 to 13, and limit vacation/sick leave allowances (over \$140,000);
- Restructure injured-on-duty programs to encourage return to work (To Be Determined);
- Restructure active employee health and prescription programs, and limit retiree medical coverage for three years (at least \$650,000); and

Based on the principle of shared burdens/shared benefits, once the fiscal emergency is declared over, more generous provisions could be negotiated.

Competitive Contracting. The City Government has already engaged in competitive contracting for certain services, such as payroll processing and a portion of street cleaning operations. A number of other functions should be competitively contracted, such as:

- Delinquent tax collection;
- Tax foreclosures and management, board-up and clean-up of City-owned real estate;
- Facilities, fleet, and grounds management;
- Street repair & cleaning of all streets; and
- Information systems services.

Before starting, the City should establish policies regarding what would be done for employees whose jobs are affected by managed competition, as well as transparent procedures for managing the competitive contracting process. When developing specifications for some functions that may be outsourced on a short-term basis, such as tax collection and information system management, contractors should be required to strengthen City capacity. Alternatives to laying off employees whose jobs are contracted out include the following:

- Giving separated employees preference in backfilling other vacant positions;
- Requiring contractors to interview City workers first for jobs; and
- Encouraging employees to bid against contractors to ensure the lowest possible cost to taxpayers whether work is performed by City employees or contractors.



Each of these options may require more time to implement the initiative and reduce its fiscal benefit. While these options will be for policy makers to decide, the Plan assumes that the option with the highest level of savings to the City is applied.

Transferring or Sharing Functions & Operations with Other Local Governments. Camden is no longer a city with over 120,000 people, responsible for providing services ranging from health to policing to animal welfare. Nor is the City, or its residents, in a position to bear the cost of duplicative services, such as supporting a City 911 as well as a County 911 system. Camden should determine the services that only it can perform and focus its resources on doing these limited things well, while shifting ancillary responsibilities to – or sharing them with – other local governments. Such services include the following:

- Department of Health & Human Services, with local non-profit organizations serving as Points of Service;
- Procurement for standard goods & services and document storage for the Office of the Clerk;
- Capital projects management and insurance;
- Recreation and animal welfare; and
- Emergency communications and employee training.

The Plan estimates that over \$3.5 million could be saved by the City by transferring such functions out of the government, not including transition and other costs.

Bolstering the Authority of the Professional Administrator, with Clearly Aligned Department Responsibilities. The effectiveness of the position of Business Administrator (BA) in managing the City's daily operations has been constrained due to unclear lines of communication and authority between department heads, the BA, and policy officials. Another challenge has been the uneven alignment of the responsibilities of many of the City's internal support services. A number of functions with common objectives, such as facility and information system management, are scattered throughout a number of departments.

To improve the ability of a professional administrator to direct daily operations, a number of options should be pursued. The first, entailing the least amount of change to the City's governance structure, is to clarify reporting lines and span of control between the Business Administrator's Office, internal support departments, and those departments that directly serve the City's residents. Either through State law (e.g., Faulkner Act) or local initiative, a City Manager-Council-Mayor model could be adopted, or a Chief Management Officer put in place. Under these scenarios, the professional manager would have sole responsibility for hiring, directing, and managing personnel, coordinating day-to-day operations and implementing the management initiatives of the Multi-Year Plan, and proposing ordinances. Drawing analogies from the private sector, such functions would be consistent with those of a Chief Executive Officer. Council members would provide oversight per a board of directors, with the Mayor serving as chairman of the board.



The Operations Plan Chapter discusses how responsibilities of the City’s departments could be realigned to consolidate splintered units into eight departments with clear responsibilities and reporting lines. Four of them – Public Works, Police, Fire, and Planning & Development – would be focused on services with direct impact on Camden’s residents and business interests. The other four – Law, Finance, General Services, and the Office of the Business Administrator – would be focused on providing direction and support to resident service departments, and analysis and advice to elected officials.

CAPITAL PLAN

While private investment will sustain Camden’s recovery, public investment will do much to spark it. The Capital Plan presents a framework within which such investment can be directed. Outside of projects related to waterfront development, Camden has benefited little from capital investment. Out of the City’s \$20.1 million in total long-term debt obligations, Fiscal Year Adjustment Bonds, issued in December of 1991, represent 94% of the City’s long-term debt. These bonds, used to finance six months of operating expenditures after the State authorized a half-year adjustment in the fiscal year calendar, obligate the City to pay an average of \$4.6 million in debt service each year until FY2013 for the benefits of services received 10 years ago. Debt used to finance capital improvements amounts to only \$15 per capita.

The State will play a key role in supporting the capital improvements needed to overcome 50 years of dis-investment in Camden. The City’s issuance of \$20 million in bonds, supported by State intercept provisions, is slated for Spring of 2001. This issuance would fund public safety improvements, land acquisition and demolition for redevelopment purposes. The \$1.6 million in associated debt service would be added to the City’s budget, beginning in 2002.

While it reflects the FY2001 municipal capital budget, the Multi-Year Capital Plan goes farther. The Plan encompasses municipal improvements (e.g., parks; a new fleet and Public Works administration building) and economic development projects (e.g., land assembly, streetscaping) made by the State and its affiliates for the City’s benefit, but outside of the City’s budget. Out of the \$102.9 million in State-sponsored capital investment targeted in the Multi-Year Capital Plan, \$40 million would be directed to economic development projects, and \$62.9 million to municipal improvements. The table below describes the amounts invested each year.

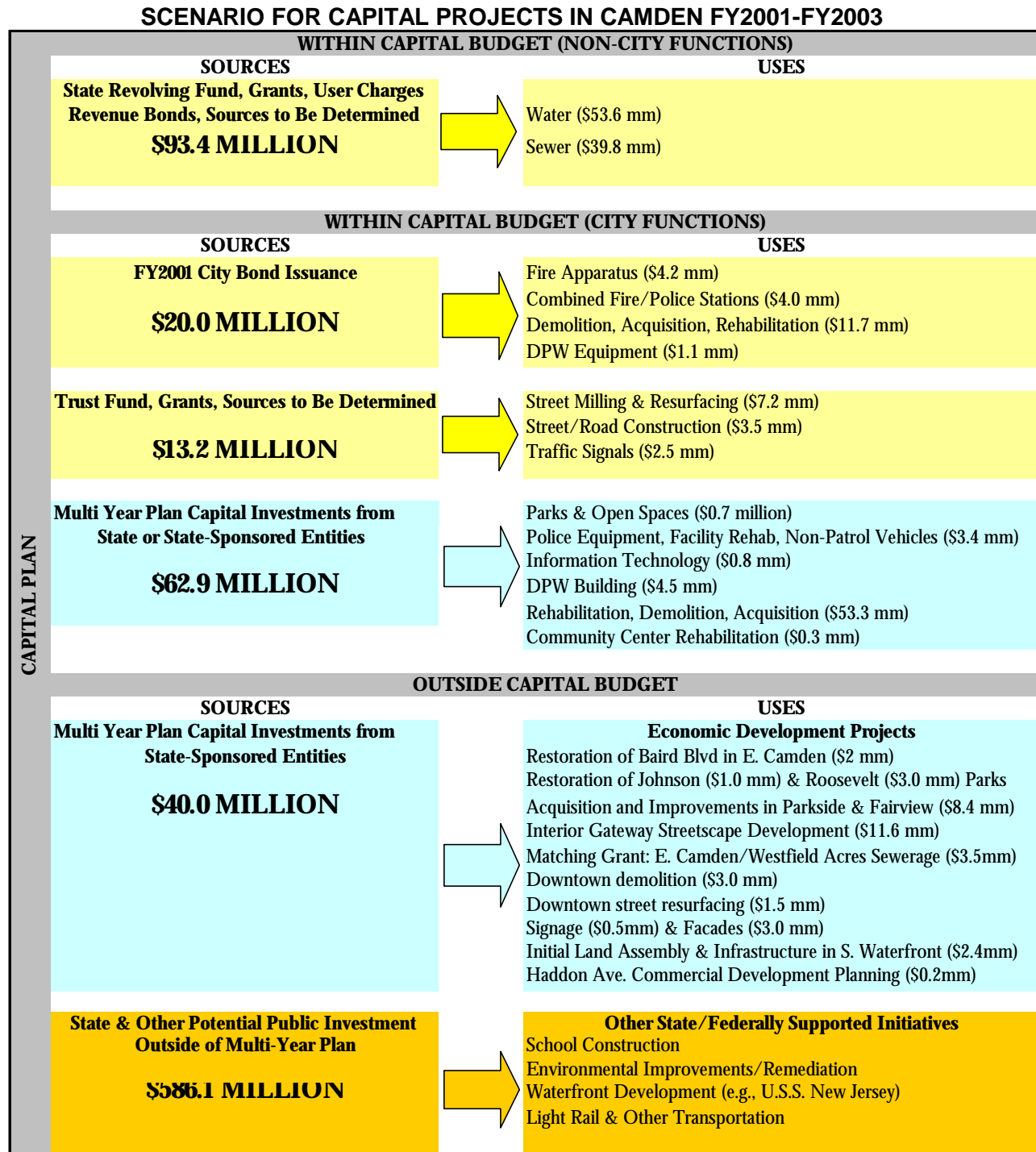
CAPITAL INVESTMENT SUMMARY, BY YEAR & TYPE
(In \$ Millions)

	Economic Development Projects	Municipal Development Projects	Total Annual Investment
FY2001	20.1	31.4	51.5
FY2002	10.6	16.6	27.2
FY2003	9.3	14.9	24.2
Totals	40.0	62.9	102.9

Not counted in these amounts are monies already pledged by the State and other entities for such projects as school construction, road improvements, Combined Sewer Overflow, brownfield remediation, or Light Rail and Waterfront Projects. In consultation with the City and community stakeholders, the State or its designee would manage project implementation.



The graph below provides once scenario of how these funds could be applied within the Capital Plan from FY2001 through FY2004. It focuses on projects funded by the City's \$20 million bond issue, the \$60 million of Multi-Year Plan investment directed to municipal improvements, the \$40 million directed to economic development projects.



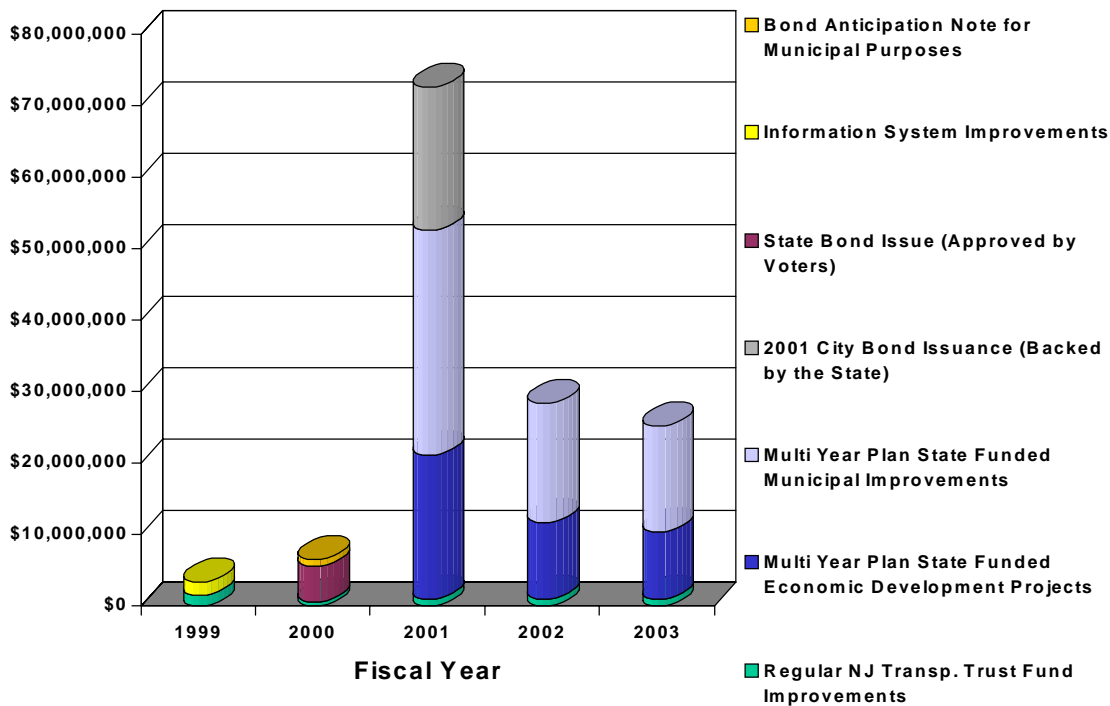
The graph also summarizes potential sources and uses for \$93.4 million in water/sewer improvements and \$13.2 million in street improvements being considered for inclusion in the



City's Capital Budget. Also shown is a summary, albeit not exhaustive, of \$586.1 million of other forms of committed and potential public capital investment in the City. If fully funded, these projects would infuse \$875.6 million of investment into Camden by June 30, 2003. Appendix D describes the timing of these projects.

While the City or State takes the tough but necessary steps to establish fiscal balance, the State will also support expanding investment in Camden. The graph below shows how the State's expanded involvement in Camden would be translated into greater investment in capital projects that would help the City overcome a half a century of dis-investment.

STATE INVOLVEMENT IN CITY CAPITAL INVESTMENT



ECONOMIC DEVELOPMENT PLAN

Economic Development Capacity

Camden's government lacks the capacity to plan for redevelopment, allocate resources, assemble property, implement development projects, coordinate infrastructure approvals, monitor progress, apply for available funding, track existing funds, account for performance, or assess problems. Economic development takes place only through the efforts of a few community-based organizations whose capacity supplants that of the City Government.

Economic and community development hinges on the ability to attract private developers and businesses to invest in Camden. But the present deficiencies of Camden's government systems and capacity preclude meaningful private investment. Camden is perceived as undesirable, unsafe, unstable, and unpredictable. Incremental change cannot renew economic development; fundamental and noticeable interventions are essential.



Economic Development Vision, Objectives & Strategy

Despite the general absence of leadership from local government, there have been extensive discussions by the city's stakeholders about their visions for a revitalized Camden. During 1999 and 2000, these discussions yielded four documents:

- **A Vision for the Recovery of Camden**, by Camden Churches Organized for People (CCOP) and Concerned Black Clergy of the City of Camden (CBC). A total of 1,200 residents attended a June 2000 meeting at which this document was presented.
- **FutureCAMDEN**, the draft Master Plan for the City of Camden, which was initially released during June 2000. The preparation of the Master Plan involved interviews, 1,300 responses to a Community Input Survey, and four rounds of public meetings. Additional public participation will shape the final Master Plan, scheduled for release at the end of 2000 or early in 2001.
- **Comprehensive Economic Development Strategy for the City**, which is dated December 1999 and was submitted to the U.S. Department of Commerce, Economic Development Administration (USEDA). In preparing the document, which is incorporated in the Master Plan, consultants involved stakeholders in six working subcommittees, and a Program Committee of 50 leaders.
- **The Greater Camden Partnership Charter Principles**, which have been adopted in connection with the establishment of a new economic development organization in the City of Camden that will involve 32 key leaders.

The words differ from document to document, but there is general consensus about a vision for Camden. To paraphrase the vision statement of the CCOP/CBC plan:

The people of Camden are seeking a City that they can be proud to call their home.

There is also consensus on the objectives that should be established for community and economic development. The chart on the following page shows the similarity of the objectives contained in each of the above plans.

The commitment and thoughtful participation of stakeholders in the development of these plans has resulted in consensus. Their vision and objectives should form the basis of an economic development strategy and the specific implementation steps to achieve it. However, existing plans establish neither funding priorities nor timing. Camden needs an economic development strategy that includes priorities to guide limited resources in achieving a sufficient critical mass of new development and redevelopment to become self-sustaining. It also needs an implementation strategy translating objectives into actions that will materialize Camden's residents' shared vision. This proposed strategy has eight components, as described below.



**COMPARISON OF OBJECTIVES
IN ECONOMIC DEVELOPMENT PLANS FOR CAMDEN**

CEDS	GCP	MP	CCOP	OBJECTIVE
✓	✓	✓	✓	Fix City government
✓	✓	✓	✓	Reconnect the City to surrounding region
✓	✓	✓	✓	Revitalize neighborhoods, improve housing
✓	✓	✓	✓	Develop the Central Business District
✓	✓	✓	✓	Generate jobs for residents
✓	✓	✓	✓	Retain existing industry, attract new business
✓	✓	✓	✓	Remove blight
✓	✓	✓	✓	Improve infrastructure, services
✓	✓	✓	✓	Involve stakeholders and residents
✓	✓	✓	✓	Provide effective leadership
✓	✓	✓	✓	Tap resources
✓	✓	✓	✓	Sustainability
✓	✓	✓	✓	Eliminate drugs, improve public safety
✓	✓	✓	✓	Improve education system and expand training programs

CEDS-Comprehensive ED Strategy; GCP-Greater Camden Partnership; MP- Master Plan

1. Organizational Structure, Leadership and Government Capacity

Establishing an administrative structure for the City of Camden that will have the capacity to carry out economic development activities is a critical first step in moving any economic development agenda forward. Three structural variations are worthy of consideration for Camden.

- Option A. Assistant City Manager/City Administrator for Economic Development.** Economic development functions would be consolidated in City Hall under the purview of a strong Assistant City Manager, or Assistant City Administrator, with adequate resources and the authority to make funding allocations. Virtually all functions of government relating to planning, economic development, business development, community development, real estate, permitting, zoning, inspections, construction, and property management would be centralized in this office. For example, Newark uses the Deputy Mayor of Economic Development and Housing for this function. The responsibilities of this office would include finalizing the new master plan for the City, verifying the legitimacy of all redevelopment plans currently in process or in effect, and coordinating foreclosure procedures for tax-delinquent properties and property demolition. The Assistant City Manager/Administrator should also coordinate with community-based organizations (CBOs) on development and redevelopment initiatives, funding, and technical assistance.



- **Option B. Redevelopment Authority/Greater Camden Partnership Structure.** Assuming the maintenance of the current Mayor/Council form of government, the most effective administrative structure for economic development is likely to be a strong Redevelopment Authority and a not-for-profit economic development organization. Pittsburgh, PA has a strong redevelopment structure with their Urban Redevelopment Authority within City Hall. Philadelphia also has one with the power to condense properties but implementation occurs at the Philadelphia Industrial Development Corporation. The Authority would perform economic development functions that cannot or should not be delegated beyond government, while an independent and professional economic development organization would have development responsibilities. To implement this model, Camden’s existing Redevelopment Authority must be completely reconstituted so that it has the capacity to plan for and carry out development projects.

In this structure traditional planning functions would remain in the City, but would be centralized in a Planning Department. Redevelopment functions would be transferred to the Authority, which would be responsible for functions such as condemnation, land assembly, and property management. The Authority or, alternatively, the Greater Camden Partnership (GCP), could exercise broad responsibilities for economic development, housing, and community development.

- **Option C. City/Greater Camden Partnership Structure.** A third economic development organizational structure is modeled on one in the City of Newark. Newark’s City Council, rather than a redevelopment authority, approves redevelopment actions. Administrative responsibility for economic development is placed in the Newark Economic Development Corporation (NEDC), a not-for-profit “front door” for private developers and businesses interested in development. In Newark, an agency outside City Hall has been better able to leverage private development and funds from the private sector.

Certain development-related tools will also be critical for the new administrative structure.

- **Providing Baseline Data Systems.** Organizational responsibility must be assigned for compiling baseline data for the City of Camden and the city’s development districts. Maps are required to indicate existing land parcels with current land use and zoning. They are also needed to show the locations of designated redevelopment areas, development districts, enterprise zones, City, County, and State-owned property, properties with tax liens; and utility lines. Geographic Information System (GIS) maps are the best way to identify Camden’s resources and to provide information to businesses and development companies interested in Camden locations.
- **Collecting Taxes, Foreclosing on Tax Liens.** Local governments are responsible for collecting property taxes, placing liens on properties when taxes are not paid, and initiating foreclosure actions after notifications have been given and prescribed time frames have elapsed. These tax-related functions have not been performed in Camden, and today an estimated 25% of properties in the City have tax liens that have existed long enough to warrant foreclosures. About 60% of all delinquency is concentrated in 30% of the City’s land area, providing a great opportunity for rapid progress in land assembly.



Demanding tax payment may yield additional tax revenues, and foreclosures may yield land sale revenues. Without a systematic effort to collect delinquent tax revenues, the extent of property available for foreclosure, assembly, and sale will not be known. Camden must mount a massive effort to catch up on tax collection, tax lien foreclosures, and the assembly of marketable lots, probably with the assistance of outside contractors.

- **Developing Cost Estimates for Capital Improvements.** Camden’s infrastructure is inadequate to support either business or residential development. Improving infrastructure, however, requires the development of cost estimates on which to base subsequent funding allocations. Recently, the Department of Community Affairs funded a Camden County Smart Growth Planning Grant application that uses the Rutgers Rand Institute to coordinate regional planning activities between Camden and “ring communities.” The study makes an attempt at identifying the capital and infrastructure needs of Camden and its neighbors. Funds should be used to prepare estimates for further grant and loan applications to a variety of State and Federal agencies. These applications should address deficiencies on a neighborhood-by-neighborhood basis, packaging improvements into specific redevelopment projects with known costs.

2. Ongoing Stakeholder Involvement

Camden needs to continually involve community leaders, representatives of community-based organizations, and business leaders in decisions about development plans, funding allocations, and implementation priorities. Community participation should include public hearings with as many people and organizations as possible as well as a systematic process for consulting with a formal stakeholder advisory group representing all major Camden interest groups. Regularly scheduled meetings and stakeholder committees would help to ensure that all competing voices and interests have an opportunity to be heard. Two possible structures for such a group might be the Greater Camden Partnership – whose membership roster already encompasses virtually all interests – or a State-convened advisory group for the period of State control and oversight. Any funds budgeted for Camden should include administrative costs of the staffing, office space, and operating budget needed to maintain such structures.

3. Visible Signs of Progress and Change

Capital budget and economic development funding need to show visible signs of change in Camden’s neighborhoods and downtown, to show that new government and leadership in Camden will make a difference. An example of such visible change is the State-funded Gateway project implemented by the Delaware River Port Authority involving land acquisition, clean up, and construction of a park along Admiral Wilson Boulevard. The next efforts should include activities like the following:

- **Conduct neighborhood clean-up campaigns.** Campaigns that are coordinated with community-based organizations and supported by public works services – to clean a park or boulevard, plant flowers or shrubs, or to clean one or more vacant lots for example – are recommended to obtain as much “buy-in” as possible for the process and to gather community energy.



- **Address the condition of parks and public spaces.** Camden should explore the consolidation of contracts for service, maintenance, and improvements of parks and public spaces with Camden County for efficiency. It must also use strategies like additional police mini-stations, additional streetlights, neighborhood watch and video cameras to deter drug sales in public spaces. Finally, it must work with County officials to improve the condition of County-owned parks and to provide additional activity programs.
- **Fix streets and boulevards that are entranceways to neighborhoods.** Freshly paved streets, new pedestrian crosswalk stripes, landscape maintenance, and neighborhood signage can provide signs of life for an otherwise deteriorating neighborhood.
- **Create a better image and new focus for Camden by improving the appearance of City Hall.** This beautiful building should be restored as a prominent and positive symbol of Camden through both physical and regulatory improvements.

4. Leverage the Funding Received from the State

If the Multi-Year Financial Recovery Plan is fully implemented, Camden could receive more than \$100 million of capital and economic development funding. This special funding, as well as CDBG entitlement funds and even Empowerment Zone funds, should be used to leverage funds from all other potential sources, such as the Delaware River Port Authority, Camden County, State departments and authorities, Federal loan and grant programs, and foundations. To do so, it will need to enhance its economic development arm with grantsmanship skills, that is, the capacity to prepare and submit successful applications, draw down grant funds, expend them within established time frames, and keep records showing how the funds were spent. This function must also constantly gather information from a comprehensive network of economic development organizations and foundations, building a database of funding requirements, project cost estimates, and funding priorities to gain an extra edge in the competition for funds.

5. Retain Existing Businesses and Attract New Companies to Camden

It is far easier to retain an existing business than it is to attract a new one, so initial economic development activities must focus on ways to retain Camden businesses and help them expand. The Greater Camden Partnership should reach out to these businesses and identify and resolve any disincentives of their location, for example by arranging financial incentives for business retention and expansion. There are several incentives that are or should be available to businesses that locate or expand in Camden – especially those presenting tax revenues or job opportunities for Camden residents. These include Enterprise and Empowerment Zone incentives, infrastructure funding, low-interest loans, grants in lieu of PILOT payments or long-term tax abatements, and tailored job-training programs.

6. Assemble Land for Redevelopment

Marketable sites must also be assembled for new businesses and industries. A shortage of available buildings or sites with more than 40,000 square feet of contiguous space seriously impedes business attraction and retention efforts in Camden.



On the other hand, the City of Camden owns 4,609 parcels, or 14 percent of the 32,787 parcels in the City. An additional 7,786 parcels (representing 24% of all parcels and 29% of the 26,668 ratable parcels,) have liens. Prior to 1991, there was an annual rate of 500 to 600 foreclosures of parcels with liens. Since 1991, however, there has been little foreclosure activity due to the lack of information about building conditions or adequate administrative capacity to manage even the current inventory of properties. Site assembly first requires the identification of publicly owned parcels and those that could be acquired through tax foreclosures. Eminent domain, which is more difficult and more costly, can then be used to acquire additional parcels needed to complete a site assembly or to build roads and other required infrastructure. The City also needs to explore the costs and benefits of combining underutilized waterfront parcels currently owned by the South Jersey Port Corporation with City-owned parcels for marketing to developers or businesses.

7. Train Camden Residents for Employment

Camden's 1999 rate of unemployment was 13.2% when the Statewide rate was 4.0 percent. Moreover, unemployment rates are usually understated because they do not include people who have stopped seeking work. Unfortunately, the educational attainment of Camden's residents is very low, and many potential workers have problems like inadequate job skills, substance abuse problems, criminal records, and inadequate transportation and day care. Camden should work with State and Camden County labor officials to identify programs that have succeeded in other inner city areas and might be effectively transferred to Camden. Publicly funded contracts are one starting point: in Pittsburgh more than 40% of the workforce on a HOPE VI project are minorities, including public housing residents.

8. Target Neighborhoods for Stabilization

The stabilization of Camden's neighborhoods requires the concentration of available resources; otherwise, resources will be spread too thinly to yield results. The Interior Gateway Plan, the St. Joseph's Carpenters' Society, and public funding have helped make Cooper's Grant and East Camden two successful examples of targeted investment. A relatively small infusion of additional funding for very visible clean-up and infrastructure improvements should make it easier to attract new residents and stem emigration from these neighborhoods.

The next, most promising targeted investments would be in two other neighborhoods, Parkside and Fairview. Their decline is clearly evident in the large number of homes for-sale, slipping property values, and related increases in foreclosures and abandonment. However, each neighborhood has a group dedicated to community revitalization and redevelopment issues. Parkside has the Parkside Business & Community in Partnership, Inc. (PBCIP), which with DCA funding has finished rehabilitating its first few housing units. Fairview has a group convened by the Walter Rand Institute of Rutgers University to deal with problems that have resulted from the age of its housing stock, declining owner occupancy and maintenance, and drug activity. Stabilization may be possible with leadership from these groups, and the following strategies:

- **Acquire properties.** Homes that are for sale – whether by owners or as a result of foreclosure – should be purchased either by community-based organizations or by the DCA HMFA for subsequent transfer to community organizations or private developers for



rehabilitation. Since both Parkside and Fairview need to attract middle-income homeowners, income limits should not be used in the selection of prospective purchasers. Where necessary, offers for homes should out-bid speculators.

- **Rehabilitate homes that can be saved.** Worthwhile homes should be renovated and used in homeownership initiatives such as discounted sales prices with occupancy requirements, soft second mortgages that are due on premature sale, or lease-purchase arrangements. In both neighborhoods, additional emphasis must be placed on defensible space principles including fencing, lighting, closing off alleys, and trimming overgrown trees and shrubs that provide cover for drug dealers and other criminals.
- **Construct infill units.** When sites are available and market conditions warrant, infill units should be built on vacant sites on streets that otherwise are stable. Design standards or prototype designs might be developed to lower costs, ensure compatibility with the neighborhood, and integrate typical features of competitive suburban homes like garages. Until the two neighborhoods improve, new homes will have to be subsidized because market prices will be unlikely to cover construction costs.
- **Sell homes to owner-occupants without income restrictions.** Parkside and Fairview need to attract middle-income owner-occupants to preserve their mix of income levels. Below-market prices may be needed to attract such households. HUD programs for policemen and teachers, for example, provide homes at 50 percent of their value. Programs in other cities offer soft second mortgages that are forgiven after five years or phase down during years five through ten.
- **Address infrastructure issues that adversely affect the marketability of housing units.** Streets, water pipes, off-street parking, and public spaces in both neighborhoods need improvements, ongoing maintenance, and upkeep. These and other infrastructure issues are deterrents to middle-income home purchasers, and must be addressed.
- **Coordinate with Police to address neighborhood problems with crime and drugs.** There are reports of drug activity on key corners in Parkside and in public spaces in Fairview. These situations must be addressed immediately and decisively. Reports from neighborhood residents indicate that police response has improved, but that serious problems persist in both neighborhoods.

The Multi-Year Economic Development Plan, based on the data and ideas described above, focuses on results that will improve the lives of Camden's residents. The following lists summarize steps toward these results that should be implemented over the next several years.

Implementation Steps – Year 1.

- Establish economic development functions in one or more organizations, supported by input from a stakeholder organization.
- Build data bases and systems for tax lien identification and notification; mapping parcels, ownership, and infrastructure; and managing billing and payment processing and monitoring.



- Fund projects that require only funding to proceed, such as Parkside and Fairview improvements and the Interior Gateway around City Hall, (Parkade Building demolition, Roosevelt Park improvements, and the Baird Boulevard Entranceway.)
- Commence clean-up activities, starting in East Camden to support the redevelopment of McGuire Gardens, Westfield Acres, St. Joseph's Carpenters Society neighborhoods, and Admiral Wilson.
- Commission a market analysis of the property north of Admiral Wilson Boulevard.
- Begin work on Fairview and Parkside.
- Develop a cadre of service providers for use as needed.

Implementation Steps – Years 2 through 5.

- Implement tax lien foreclosures, demolish vacant or substandard structures, and strengthen the building inspection and code compliance program
- Continue clean-up activities.
- Improve infrastructure in concert with other initiatives, coordinating with the Multi-Year Capital Plan.
- Support Rutgers development on Cooper Street.
- Test the market for new private development, possibly with a public sector anchor tenant.
- Begin redeveloping the Waterfront District, assembling land for industrial development, starting with the South Waterfront Redevelopment Plan and moving north and east:
 - Demolition and environmental clean-up
 - Designate Foreign Trade Zone
 - Make road improvements for trucks to I-676 interchanges
 - Buffer/stabilize Sacred Heart residential area
 - Continue work on Fairview and Parkside, while providing funds for non-profit housing activity in East Camden and North Camden.

CONCLUSION

The City of Camden Multi-Year Recovery Plan centers on fiscal stability as the cornerstone of recovery. It aims to end 50 years of dis-investment by directing over \$100 million in economic development projects and municipal improvements by the Spring of FY2003. This Recovery



Plan is a working document. It provides a framework for considering and implementing initiatives to strengthen the City, while maintaining the flexibility to be adjusted as circumstances change and as those with a stake in the City's future offer their input. Its success depends upon a willingness to share burdens as well as benefits, and a commitment to results. Overcoming Camden's challenges will require nothing less.

