

REDI & REAP INFORMATION NOTICE

CHRISTINE TODD WHITMAN
GOVERNOR

JANE M. KENNY
COMMISSIONER

DAVID C. HESPE
COMMISSIONER

The 2001 Regional Efficiency Aid Program Local Government Application Process

This Notice is being sent to municipalities, counties, and fire districts (local units) that are eligible to submit applications for the Regional Efficiency Aid Program (REAP). School districts will receive REAP applications from their County Superintendent of Schools Office.

Several items related to applying for REAP property tax relief in 2001 are included with this Notice. Please review this carefully to be sure you properly file the correct application. The Notice includes the following items:

- 2001 REAP Information Explanation of Programs (Page 2)
- 2001 REAP Information – General Application Instructions (Page 3-6)
- 2001 REAP Application Assistance Sites & Times (Page 8-9)
- 2001 REAP Local Unit New Service Application (Page 10-11)
- REAP Local Unit Service Type Listing (Page 12)
- 2001 REAP Continuation Application Form General Instructions and Information [*REAP EZ Form*] (Page 13-14)

This Notice contains important information on obtaining REAP property tax relief in your community. Recipients are asked to make certain that the appropriate officials in your agency receive and carefully review this notice and attached forms. In order to receive REAP property tax relief in your community, follow the instructions in this Notice and **file the appropriate application by February 16, 2001.**

REAP's purpose is to recognize and reward local units for using shared services to lower service costs and help reduce the property taxes required to support the operation of local governments and schools. In a departure from most State aid programs, assistance earned through REAP by a local unit does not go to the local unit's budget; the funding appears as a credit on the property tax bills of residential property owners whose property is their principle residence. Sources for additional information on REAP are on Page 2 of this Notice.

2001 REAP Information: Explanation of Programs

This Notice includes the 2001 REAP Application Forms. This year there are four categories: *New Programs*, *Continuing Programs*, *Retroactive Programs* and *Provider Assistance*; the application process for each program is described below.

New Programs. The Local Unit New Service Application Form is used for new shared services that took effect in calendar year 2000. All local government units (counties, municipalities, fire and special districts) that levy local property taxes are to use this form. It is used whether the local unit operates on a calendar or a State fiscal year.

Retroactive Programs. If your local unit received or provided an otherwise eligible shared service in 1999 (started after July 1, 1997) and was eligible for REAP in 2000, but did not apply for it, the local unit may be eligible for Retroactive assistance. Use the Local Unit New Service Application form and follow the instructions for applying for retroactive assistance.

Continuing Programs. If your local unit received REAP funding in 2000, an individually prepared REAP Continuation Application Form is enclosed with the copy of the Notice sent to the Chief Financial Officer of the local unit. Use this form to request REAP tax relief for shared services that received funding in 2000 and continued in operation in 2000.

Provider Assistance. Local units that provide shared services are entitled to receive an amount equal to 25 percent of the funding received by the service recipients. This means that providers only receive tax relief if their recipients apply for it.

There is no separate provider application. The REAP Local Unit New Service Application names the local unit who is the provider. This ensures that providers receive funding. A copy of the application is sent to the Chief Executive Officer and Tax Assessor of the local unit provider for their information.

Additional information on REAP can be obtained by contacting the REAP Office at the Division of Local Government Services as follows:

- Mail: PO Box 803, Trenton, NJ 08625-0803
- E-mail: REDI@dca.state.nj.us
- Phone: 609-292-7842
- Fax: 609-984-7388

Information on the eligibility of school programs should be addressed to the REAP Office at the Department of Education:

- Mail: Finance c/o Vince Yorkus, P.O. Box 500, Trenton, NJ 08625-0500
- E-mail: vyourkus@doe.state.nj.us
- Phone: 609-633-2454
- Fax: 609-292-6794

General information on the program is on the Internet at: www.state.nj.us/redi.

2001 REAP Information– General Application Instructions

Before Starting All Applicants Must Read This!

The REAP application process starts with applications from shared service recipients. The local unit that provides the service does not apply for relief. Provider funding is computed at a percentage of the tax relief of the recipient(s).

A shared service must meet certain criteria to be eligible for REAP Aid:

1. The shared service must be provided on the basis of a written “regional service agreement,” and that agreement must have been initiated on or after July 1, 1997. Renewals of programs initiated prior to that date are not eligible, nor are “informal” or “handshake” agreements. For inclusion in this year’s tax relief cycle, the shared service must be operating as of December 31, 2000. Further detail regarding the eligibility criteria is included with the instructions.
2. Certain types of shared services have been deemed as ineligible, as they are ones that have little or no cost or effort to commence, or provide sufficient savings that make the decision to join one a simple choice that should require little effort. These include cooperative and joint purchasing programs (including energy purchasing programs), fire mutual aid agreements, and participating in joint liability or health insurance programs. Further, the Department of Education’s REAP application process addresses agreements with the County Special Services Education District or Vocational School District.

Attention Providers: If your local unit provides services on the basis of an interlocal agreement to other communities, do not complete the application form for those services. Make certain that all of the communities to which you provide services apply for REAP relief and name your local unit as the provider. The Local Unit New Service Application is used only for services that are received from another local unit or with which services are shared.

It is important that all applicants begin completing the application and submit it as soon as possible; the deadline is the close of business on Friday, February 16, 2001. Please be sure to refer to the instructions that are part of each application form.

A resolution from the governing body approving the application is required to process the request. Recognizing the short time frame, applications without resolutions will be accepted until February 16th, with the provision that the resolution must be received by March 2nd. Faxes and e-mails of the resolutions are permitted; however, a certified copy should be subsequently mailed.

There are three type of applications for the program; New, Retroactive Funding, and Continuation. An explanation and filing procedure follows on the next page.

New Program Applications

REAP funding for each service is based, in part, on an analysis of the eligible shared service and a calculation of points based on the service. Follow the instructions and complete the **2001 REAP Local Unit New Service** Application Form. There are three key characteristics that go into calculating the number of points for each service. They are:

- The “value” of the shared service, which is a general assessment of the perceived savings, and service improvement gained by the shared service.
- The “degree of difficulty” it took to implement the shared service in each local unit. This reflects the reality that, because of local conditions, implementing a given shared service in one community will have different challenges than in another.
- The “cost” of the shared service that is the prior fiscal year’s total expenditure as a percentage of a calculation of the local unit’s budget for the shared service.

Value Criteria: The “value” criteria is determined by matching the specific service to a broad category list that is included with the application form. An evaluation factor will be applied to it when the application is reviewed. For local governmental units, the factor was derived from the results of a survey of Mayors and Chief Financial Officers conducted by the Eagleton Institute at Rutgers University.

Degree of Difficulty: The Local Unit New Service Application Form is designed to provide the information needed to make the assessment of difficulty. This application includes the opportunity for a “self-assessment” of the “degree of difficulty,” by providing a brief narrative explaining the conditions, and ranking it on a five point scale.

Cost: Finally, the cost element is met by filling in the “budgeted cost” of the shared service program to a local unit in CY2000/FY2001. For this purpose, “cost” is defined as only direct expenditures for salaries and wages, fringe benefits, other expenses for supplies, materials and non-capitalized equipment. It does not include expenditures for indirect costs. The Division then calculates the expenditures as a percentage of the “total operating budget” of the local unit (total appropriations less reserve for uncollected taxes and capital expenditures).

Retroactive Funding

Calendar year 2000 was the initial year for REAP. Unfortunately, a number of local units with eligible shared services did not apply, applied too late, or could not receive aid because they were the providing local unit and the recipients did not apply. Recognizing these circumstances, the program will consider retroactive applications from municipalities with shared services that met all of the requirements for REAP, but were unable to apply for the program in 2000. Complete the **2001 REAP Local Unit New Service** Application Form and follow the instructions for claiming retroactive credit. As a matter of convenience, REAP funding for the retroactive services will be calculated using FY 2000 information.

REAP Continuation Application

Property tax relief under REAP is payable every year in which a qualifying regional service agreement continues to be in effect. The 2001 REAP Continuation Application form (REAP 2001 EZ Form) is used to request funding based on shared services in operation in 1999 that received REAP funding in 2000 and remained in operation for calendar year 2000. If your local unit received REAP funding in Calendar Year 2000, a copy of this application is enclosed with this Notice sent the Chief Financial Officer.

NOTE: If your community provides the service to others, do not complete this form. Your tax relief is based on the application of the local units to which you provide services. Please ensure that your recipient units apply and name your community as the provider.

Other Important Information

Tax Relief Amounts "Held Harmless"

The REAP formula considers a number of variables in calculating the amount of tax relief for any service. One of the variables is the cost of the service as a percentage of that year's total operating budget. As a result, subsequent years' REAP funding calculations would be reduced. To eliminate this unintended "penalty of success", REAP will be awarded at the greater amount of either the initial year's aid or the current year's calculated amount.

Application Preparation Assistance

The Division and the Department of Education are making staff members available to meet with applicants to review the process and to assist in completing the applications. Staff will be available for consultation in various locations around the State on January 16, 2001, and January 19, 2001. If you have questions on the process or need assistance in completing your application, please feel free to drop in at any of the locations. A schedule of times and locations is enclosed with this Notice. **Appointments are not necessary.**

REAP Tax Relief Eligibility

REAP tax relief is available to all residential property owners whose property serves as their "homestead" and to tenants in rental properties that are covered under the Tenant Property Tax Rebate Law (generally, rental units of five or more units). In order to determine eligibility of residential homesteads, two processes are used. The first is that those owners eligible for the NJ SAVER program who were eligible for SAVER benefits in 2000 and whose property ownership did not change as of October 1, 2000 will receive REAP tax relief.

However, this does not cover individuals whose property is their primary residence but are not eligible for SAVER, or those whose property ownership status changed after the SAVER cutoff date ended. To ascertain these properties, it is necessary for the tax assessor in each REAP participating municipality to send out a mail survey that will verify REAP eligibility to all non-SAVER eligible residential (Class 2A and 2C) parcels. It is important that these surveys be mailed and returned to the Tax Assessor (so that entry can be made in the MOD IV system) prior to the time property tax bills are mailed.

To accomplish this goal, the Division of Local Government Services is working with the Division of Taxation to use MOD IV to prepare notices. This effort is expected to be finished by mid-March, the time by which eligible REAP municipalities will be notified, and in enough time for surveys to be mailed and returned to the Assessor for the results to be entered into MOD IV before tax bills are calculated.

2001 REAP Application Assistance Sites & Times

Atlantic and Cape May Counties

Tuesday, January 16th Egg Harbor Township Municipal Building
9:00 a.m. – 12:00 noon 3515 Bargaintown Road, Egg Harbor Township

Bergen and Passaic Counties

Tuesday, January 16th Bergen County Department of Public Safety
9:00 a.m. – 12:00 noon Division of Emergency Management
Room 207, 327 East Ridgewood Avenue, Paramus

Burlington and Camden Counties

Friday, January 19th Moorestown Municipal Building
1:00 p.m. – 4:30 p.m. 111 West Second Street, Moorestown

Cumberland, Gloucester and Salem Counties

Friday, January 19th Vineland City Hall, Council Caucus Room
9:00 a.m. – 12:00 noon 640 Wood Street (7th & Woods Streets), Vineland

Essex, Hudson and Union Counties

Friday, January 19th Maplewood Township Municipal Building
9:00 a.m. – 12:00 noon Conference Room
574 Valley Street, Maplewood

Hunterdon and Mercer Counties

Tuesday, January 16th Lawrence Township Municipal Building
9:00 a.m. to 12:00 noon 2207 Lawrenceville Road (RT 206), Lawrenceville

Middlesex County

Friday, January 19th South Plainfield Borough Municipal Building
1:00 p.m. to 4:30 p.m. 2480 Plainfield Avenue, South Plainfield

Monmouth and Ocean Counties

Tuesday, January 16th Howell Township Municipal Building, Main Meeting Room
1:00 p.m. to 4:30 p.m. 251 Preventorium Road, Howell

Morris County

Tuesday, January 16th Rockaway Township Municipal Building
1:00 p.m. to 4:00 p.m. 65 Mt. Hope Road, Rockaway

Somerset County

Friday, January 19th Bridgewater Township Municipal Building
9:00 a.m. to 12:00 noon 700 Garrison Road, Bridgewater

Sussex and Warren Counties

Friday, January 19th Newton Municipal Building, 2nd Floor Conference Room
1:00 p.m. to 4:00 p.m. 39 Trinity Street, Newton

(This Page Intentionally Left Blank)

2001 REAP Local Unit New Service Application General Instructions and Information

The Regional Efficiency Aid Program (REAP) is an innovative program that recognizes local official efforts of reducing their resident's property tax by providing services through shared service arrangements. The application form requires attention to detail, accuracy, and reliability in responding to important questions about the local unit's shared services. The information used in one year's application will be retained and will not have to be resubmitted in later years.

The application is separated into two sections, a general information sheet, and individual pages for each shared service that is eligible to receive "program points." Each local unit should have a coordinator responsible for preparing the application and rely on knowledgeable individuals to prepare the specific information requested about each shared service program. Questions on how to prepare the application can be referred to the REAP Program Office by e-mail at redi@dca.state.nj.us, or by calling 609-292-0827 or 609-984-7764.

Local Unit Information: Please complete this basic information about your local unit, and the name and requested information about the coordinator who completed the application. If additional information is needed the Coordinator will be contacted.

Listing of Shared Services Eligible for REAP Tax Relief: List the shared service(s) for which your local unit has active regional service agreements. Number them consecutively and describe the nature of the service (i.e. trash collection, emergency service dispatching, etc.). If a REAP EZ form is also submitted, please number new services beginning with the next consecutive number from the EZ form. For each service, complete a separate REAP New Service Application Form. Make as many copies of the form as necessary. Your application will be reviewed and if additional information is needed, the coordinator will be contacted. Final eligibility for REAP tax relief will be determined by the REAP Program and is based on the information submitted with this application, therefore, careful attention to complete the form and respond accurately is advisable.

Meaning of "Regional Service Agreement": To be considered for funding, the REAP Law (N.J.S.A. 54:4-8.78) requires a regional service agreement to meet the following criteria:

- It was entered into through a written agreement on or after July 1, 1997;
- It was between any combination of municipal or county government, board of education or fire or other special district that raises or relies upon property taxes, or a joint meeting, or was between one of the foregoing and an authority; and
- It was entered into pursuant to the Interlocal Services Act (N.J.S.A. 40:8A-1 et seq.), the Consolidated Municipal Services Act (N.J.S.A. 40:48B01 et seq.), or the Municipal Consolidation Act (N.J.S.A. 43-66.35 et seq.).

- The agreements shall contain projections of their total cost savings anticipated through the agreement.

This definition excludes any informal, unwritten “relationships” between local units. The law requires the service agreement to be in writing pursuant to the definition above. The renewal or change in providers of an existing written service agreement, regardless of it is the same or a different provider does NOT qualify as a new service.

Meaning of “Savings in the cost of services:” The REAP law also requires that the regional service agreements result in cost of service savings. The savings can include reducing or avoiding new capital expenditures, current or future budget reductions, limits on future cost increases, or minimizing the costs of a new service. While the State can add criteria, no additions have been made at this time.

Meaning of “Service Relationship:” There are three types of service relationships when it comes to shared services. A recipient is a local unit that previously provided the service on its own, but contracted it to a provider local unit that now performs the service for the recipient. A service is shared when there is neither a provider nor recipient, but the local units share (usually on a percentage of time or cost) a single service delivery resource (i.e. a person, or contract with a third party).

CY 2000 Retroactive eligibility: If the local unit did not apply for REAP Tax Relief last year it may be eligible to receive retroactive funding in 2001. To be eligible for retroactive tax relief the shared service must meet the following criteria:

- The service was entered into as a “Regional Service Agreement” as described above.
- The service was entered into on or after July 1, 1997 and is still in operation.
- The service agreement has resulted in savings in the costs of the service.

Complete a separate REAP Local Unit New Service Application Form, including the Degree of Difficulty Assessment, for each service for which retroactive funding is claimed. Retroactive funding will be calculated using the 2000 budget cost of the service.

Application Submission: The completed application should be submitted to the REAP Program Office no later than February 16, 2001. In addition, file a copy of the application form with the Municipal Assessor and the Chief Executive Officer of the local unit that provides the service to your community or school district.

(Continued on next page)

Degree of Difficulty Assessment

This section reflects the issues that went into the decision to share the service. It acknowledges that each local unit is different in its decision-making process and the issues it confronts in starting a shared service. It is very important that it be answered reliably and that the narrative reflects the considerations faced by the local unit officials. Those considerations should relate to the letter of degree of difficulty assigned to it.

A person familiar with the efforts to enter into the shared service should be consulted on, or should directly prepare this section. Using the scale of A to E, rate the issues involved in entering into the agreement using the following scale when it comes to assessing the issues, objections, problems, costs or variations for each of the issues to be assessed. Remember, the narrative should reflect the rating. Use the “Extension Form” properly labeled if additional space is needed. Feel free to use bullet points or short phrases in place of a formal paragraph structure, however, make certain that the issues are communicated accurately. Space is limited to the initial form and the Extension Form.

The following table provides examples of the type of issues that are often considered in the decision making process to enter into a shared service. This list is not all-inclusive, feel free to explain other local issues that may not be mentioned in helping to consider the issues that were being faced when entering into the shared service.

Personnel Issues

- Benefits: pensions and insurance
- Employment: overtime, wage & salary differentials
- Seniority: promotion standards, bumping
- Union: wage or benefit differences, title conflicts, other terms of employment

Implementation Costs

- Capital costs: equipment, vehicles, computers, facilities
- Operating costs: business hours, printing, typing
- Control/Autonomy: reporting systems, supervision, policy guidance

Attitudes & Perceptions

- Citizens: interest groups, citizens campaigns, advisory bodies, boards, media
- Elected Officials: resistance
- Staff: department and agency heads, administrative staff, support staff

Agency Differences

- Forms of government: timing of elections, partisan, variance in authority of elected officials
- Ordinances: variations
- Service & Geographic Logistics: service areas difficult to supervise, community needs vary greatly.

2001 REAP Application REAP Local Unit Service Type Listing

Use this form in completing the REAP Local Unit Aid Application Service Type information. If the service being applied for is not listed, please enter "Not Listed" in the blank and the Division will assign an appropriate category.

Administrative Services

Animal Control

Code Enforcement

Local Housing Code

Property Maintenance Code

Uniform Construction Code

Uniform Fire Code

Emergency Services

Hazardous Materials

Rescue Squad

911 Dispatch/Communications

Financial Administrator

Fire Services

Equipment

Facilities

Operations

Staff

Library and Media Services

Municipal Court

Parks and Recreation

Maintenance of Facilities

Recreation Facilities

Recreation Programs

Police

Drug/Alcohol/Crime Prevention and Safety Programs

Equipment

Facilities

Operations (i.e. Patrol, Investigations,
Traffic, Detectives, etc.)

Staff

Public Health

Clinics/Immunizations

Health Education

Health Officer

Inspections

Public Works

Buildings and/or Grounds Maintenance

Certified Public Works Manager (CPWM)

Equipment

Fuel Dispensing Facility

Pipeline Maintenance/Repair
(sanitary and storm sewer)

Road Maintenance/Repair

Recycling Collection

Solid Waste Collection

Supervisors

Vehicle Maintenance/Repair

Social Services

General Assistance Administration

Senior Citizen/Disabled Services

Tax Assessment (CTA)

Tax Collection (CTC)

Waste Water Treatment

Zoning and Zoning Enforcement

2001 REAP Continuation Application Form General Instructions and Information for Local Units and Schools (REAP 2001 EZ Form)

Each local unit that received REAP tax relief in 2000 has received a **REAP 2001 EZ Form** as part of this Notice. The EZ Form contains pre-printed information taken from the 2000 REAP Application. In order to qualify for REAP Tax Relief this year each applicant must complete the form, certify the status of the listed shared service agreements, and return it to the REAP Program office **no later than February 16, 2001**. A resolution applying for the program must be submitted at that time or by no later than March 2, 2000.

Local Unit Information: The municipal or school district name and “Municode” are pre-printed on the application form. Please provide the additional information requested regarding the mailing address, the name and title of the coordinator who completes this form (who will also be the contact for additional information), and the name of the local unit’s Chief Executive Officer.

Shared Service Listing: Pre-printed on the form are the shared service programs for which your local unit received REAP funding last year. **Carefully review these programs.**

- For any program that is no longer in effect, place an X in the blank column next to its name.
- If the shared service continues to be in operation, leave the column blank and fill in the Renewal and Expiration dates for the regional service agreement.
- For those programs that continue, as well as, for eligible continuing construction or capital related projects, provide the total budget for the service for budget year CY 2000 or SFY 2001. For this purpose, budgeted cost should include only direct expenditures for salaries and wages, fringe benefits, expenses for supplies, materials and non-capitalized equipment, exclusive of any expenditures for indirect costs.

If your program changed providers or the service changed, you **MUST** note that the listed program is no longer in affect and submit a New Service Application for it.

Service relationship:

- **For local units that are not school districts:** This refers to the two types of shared services relationships; recipient or shared. If your community receives the service in its entirety from a providing local unit, you are a recipient. If you and one or more local units are each partially responsible for provision(s) of service, or you “share” on a percentage of time or cost basis a single delivery resource (i.e. a person or contract with a third party), the program is shared. Enter the term that describes your service relationship. If the service is shared, also enter the percentage of service responsibility your local unit provides.

- **For school districts:** a recipient is defined as a district that previously provided the service on its own, but has since contracted it to a provider organization who now performs the service for the recipient. A host relationship is defined as a singular shared service between school districts or other local unit of government, which is sponsored and managed by the host district for the participating district(s) or local unit(s) on a pro rata, time share, and/or contractual basis, i.e., transportation services are mutually shared between school districts.

Ineligible contracts: For all local units, certain shared services, notably interlocal agreements for the construction or reconstruction of roads or school facilities, installation of traffic signals, and other public works efforts that are essentially construction in nature are eligible for REAP only in the year immediately following their completion. The listing of shared services from last year's application has been edited to remove such shared services that no longer qualify. New shared services of this nature require a Local Unit New Service Application. For subsequent years, activities under multi-year regional service agreement with another local unit for major public works or construction programs (i.e. road construction or overlay), provide the total budget for the service for budget year CY 2000 or SFY 2000.

Signature and Resolution: The local unit's chief executive officer (in the case of a school, this refers to the chief school administrator) must sign and date the form. In addition, a resolution of the local governing body approving the filing of the application is required. Again, with a relatively tight time frame for the REAP application process; the program will accept applications without resolutions until February 16, 2001, with the provision that the resolution must be received by March 2, 2001. Faxes and e-mails of resolutions will be accepted if followed up with certified copies.

Application Submission: The completed application must be submitted to the REAP Program Office **no later than February 16, 2001**. In addition, file a copy of the application form with the Municipal Assessor and the Chief Executive Officer of the local unit that provides the service to your community or school district.

Submission of applications: Send REAP 2001 EZ applications as follows:

For municipalities and local units other than school districts:

REAP Program
NJ Division of Local Government Services
PO Box 803
Trenton NJ 08625-0803

For school districts:

NJ Department of Education
Finance c/o Vince Yorkus
PO Box 500
Trenton, NJ 08625-0500