

Transitional Aid Application for Application Years CY 2010/SFY 2011
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by July 16 (for CY 2010) and September 30 (for SFY 2011) for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice 2010-14 when preparing this application for specific instructions and definitions.

Name of Municipality:		Borough of North Arlington		County:	Bergen
Contact Person:		Terence M. Wall, RMC, RPPO		Title:	Borough Administrator/Clerk
Phone:	201-991-6060 107	Fax:	201-991-0140	E-mail:	tmwall@comcast.net
Population:	14,701				

I. Aid History

List amount of Discretionary Aid (Extraordinary, Special Municipal, or Capital Cities) received for the last three years, if any:

Prior Year	Previous Year	Previous less one year
\$ 0	\$ 0	\$ 0

II. Aid Request for Application Year

Amount of aid requested for the Application Year:	\$ 635,410
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An aid request does not constitute guarantee of receipt of any funds.

III. Submission Requirements

Without exception, the following items must be submitted with or prior to submission of this application. Indicate date of submission of each.

Item	Date Submitted to DLGS
Prior Year Annual Financial Statement	03/05/10
Previous Year Annual Audit	December 2009
Previous Year Audit Corrective Action Plan	December 2009
Application Year Introduced Budget	04/22/10
Budget documentation submitted to governing body	February 2010

IV. Application Certification

The undersigned herewith certify that they have reviewed this application and, to the best of their ability, find its contents to be true and that it accurately portrays the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer	Peter Massa, Mayor	7/16/10
Governing Body Presiding Officer	Richard Hughes, Council President	7/16/10

Application Year CY 2010/SFY 2011	Municipality: North Arlington	County: Bergen
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Chief Financial Officer	Joe Iannaconi, CFO	7/16/2010
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V-A. Explanation of Need for Transitional Aid

Explain the circumstances that require the need for Transitional Aid in narrative form. Include factors that result in a constrained ability to raise sufficient revenues to meet budgetary requirements, and if such revenues were raised, how it would substantially jeopardize the fiscal integrity of the municipality. (See item B-5 in Local Finance Notice 2010-14 for details)

State actions and issues surrounding the Borough of North Arlington have significantly impacted the Borough of North Arlington for several years. The issues here are unlike any other municipality in the State of New Jersey and most of which are not under any control by the Borough. Hence, the Borough is both uniquely situated and particularly deserving of strong action on transitional aid. To wit:

- Closed Landfill
- Closed Baler
- ENCAP Situation
- Waste Disposal Costs

The above are responsible for approximately \$3,000,000 in lost annual revenue and they are near singularly responsible for keeping serious developers away from the proper and intelligent redevelopment of the affected areas. This delay in resolution has significantly and negatively affected the revenue opportunities with the Borough.

We need the state to partner with the Borough in transitioning the Borough away from state exacerbated fiscal duress.

The Borough has experienced an unusual chain of events that has severely impacted the borough’s revenue sources. The borough was receiving host fees from the 1E Landfill, HMDC Baler and the BCUA Baler. During 2002, the BCUA Baler was closed and in 2008 the HMDC Baler and the 1E Landfill was closed. The borough experienced a host fee revenue loss of up to \$2.8 million. In addition to the revenue loss, the Borough had to provide for there own garbage disposal, which has an estimated cost of \$750,000. The loss of revenue and the increase in expenses has had a devastating impact on the Borough. The tax impact on an average house is 22% or \$394 on the average homeowner.

The other major event occurring in the Borough is “En-Cap”. This massive multi-jurisdictional failure known as “En-Cap” caused a severe hardship for the Borough and its residents by severely restricting the potential for development for the past several years and many years into the future. In addition, the legal costs to resolve the case were in excess of \$1M and that does not include the \$3M payment by the Borough to resolve the litigation. The loss in potential revenue can not be easily calculated however, this major debacle has left the Borough and its residents in a precarious situation.

The En-Cap debacle also resulted in delinquent taxes on these properties which cause a decline in the collection rate. The collection rate was averaging around 99.02% in prior years compared to the present collection rate of 97.50%. The effects of this decline caused a significant decrease in tax collections and significant increase in the reserve for uncollected taxes.

In addition, the Borough is currently losing at least \$120,000 of anticipated 2010 host fee revenues due to a delay in the re-opening of the baler because of delays in obtaining the necessary permits. It is anticipated that the baler will be open by the middle of August. However, these delays have severely impacted the 2010 anticipated host fee revenues.

[Empty rectangular box for alternate eligibility calculation]

V-B Alternate Eligibility Calculation

Complete this section only if Discretionary aid **was not** received in the prior year. If the requirements of this section are met, this application must also reflect that the criteria in Section B, items 2-7 of Local Finance Notice 2010-14 are met.

Part 1 calculates loss of equalized value. If there is a loss of 2% of *equalized value*, the eligibility criteria is met and the rest of the form does not have to be completed.

If 2% the criteria is **not** met, continue with Part 2 to identify individual revenue losses (exclusive of State CMPTRA/ETR formula aid reductions) or specific, extraordinary appropriation increases (pursuant to Local Finance Notice 2010-14, Item B-8).

Part 1 – Eligibility of Value Loss	Current Year County Equalization Table County Apportionment (a)	Prior Year Director’s Table Equalized Value (b)	Decrease (c)
Equalized Value Reduction			
Percent of loss from prior year (c) divided by (b) as percent:			
If this exceeds 2%, stop and proceed to the next page.			

Part 2 – Demonstration of Revenue Loss/Substantial Cost Increase

Complete Part 2 if eligibility was not met in Part 1. Show extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions), but not as the aggregate of many revenue line items; or specific, extraordinary appropriations. Describe the item on the cell below each entry.

Revenue or Appropriation	Prior Year Value	Current Year Value	Amount of Loss/Increase
Description:			
NJMC Host Community Fees Revenue	1,250,000	240,000	1,010,000
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			

V-C Actions to reduce future need for aid

Detail the steps the municipality is taking to reduce the need for aid in the future. Include details about long-term cost cutting and enhanced revenue plans, impact of new development, potential for grants to offset costs, and estimated short and long-term annual savings. Use additional pages if necessary.

The Borough has aggressively cut budgets in all ways, including budgeting below prior years expended budgets in most cases. Further, there is a directive to all departments to simply not spend any money unless it is mission critical. We only contract for what is required and negotiate aggressively with all providers of service to the borough. Simple items such as holiday pause in meters and street sweeping tickets have been eliminated. There is a constant reduction in services to the residents of the Borough of North Arlington to do our best to address the fiscal deficits.

However, when the employee population is small and the services significantly cut with few infrastructure projects in planning, it is still incredibly difficult to offset the massive reductions in revenue due to the aforementioned facts.

The Borough is working very diligently on the future budget years in hopes of generating new revenue sources from the re-opening of the HMDC Baler. This revenue source will reduce our appropriations by eliminating the cost of solid waste tipping fees and the combined savings to the borough will equate to over \$1.5 million. A redevelopment plan is about to be introduced for the former En-Cap and BCUA properties so that development can begin as quickly as possible on these undeveloped properties. There are other additional commercial properties within the Borough which are currently in various stages of discussion and potential redevelopment. It is anticipated that with the right plan in place for these undeveloped properties significant tax revenue can be generated for the Borough. We also have been proactive with our budget planning by doing forecasts for the 2011 year. Our budget planning strategy includes a strenuous review of both our in-house staff and operations and contemplated contracts with vendors and professionals. The Borough is anticipating that through sound fiscal planning and management that they will be financially stronger in 2011 and in future years.

In addition the borough has been implementing cost saving methods as follows:

- Continuation of a hiring freeze
- Encouragement of eligible employees to retire
- Further reduction and elimination of services such as senior non-emergent medical transportation
- Grant applications routinely applied for and are successful – NJDOT, CDBG, BCOSRTF, ARRA, NJ TRANSIT and others as they become available

VI. Historical Fiscal Statistics

Item	2008 Actual Previous Year	2009 Actual Prior Year	2010 Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 1,542	\$ 1,563	\$ 1,783
Municipal Purposes tax levy	\$ 12,638,052	\$ 12,806,611	\$ 14,587,837
Municipal Open Space tax levy	\$ 0	\$ 0	\$ 0
Total general appropriations	\$ 19,692,669	\$ 20,463,035	\$ 20,796,228
3. Cash Status Information			
% Of current taxes collected	97.53 %	97.55 %	%
% Used in computation of reserve	98.00 %	97.52 %	97.47 %
Reserve for uncollected taxes	\$ 715,472	\$ 912,880	\$ 1,012,880
Total year end cash surplus	\$ 1,633,257	\$ 420,673	
Total non-cash surplus	\$ 330,558	\$ 934,993	
Year end deferred charges	\$ 327,247	\$ 240,000	
4. Assessment Data			
Assessed value (as of 7/1)	\$ 819,976,328	\$ 819,167,785	\$ 818,276,561
Average Residential Assessment	\$ 179,300	\$ 179,300	\$ 179,300
Number of tax appeals granted	45	50	
Amount budgeted for tax appeals	\$ 0	\$ 0	\$ 0
Refunding bonds for tax appeals	\$ 0	\$ 0	\$ 0
5. Full time Staffing Levels			
Uniformed Police - Staff Number	32	31	30
Total S&W Expenditures	\$ 3,983,000	\$ 4,381,999	\$ 4,435,000
Uniformed Fire - Staff Number			
Total S&W Expenditures	\$ 0	\$ 0	\$ 0
All Other Employees - Staff Number	42	43	44
Total S&W Expenditures	\$ 2,695,271	\$ 2,528,623	\$ 2,733,005
6. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			\$ 818,167,785
Introduced Tax Levy			\$ 14,587,837
Proposed Municipal Tax Rate	1.783	Average Res. Value (#4 above)	\$ 179,300
Current Year Taxes on Average Residential Value (#4 above)			\$ 3,196
Prior Year Taxes on Average Residential Value			\$ 2,802
Proposed Increase in average residential taxes			\$ 394

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

1989

Note: Revaluation in Progress

B. Proposed Budget – Appropriation and Levy Cap Information

Item	Yes	No
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	X	
3.5 %		
2. Amount of appropriation cap bank available going into this year		
\$ 392,548		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$ 1,263,805		
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:	X	
\$ 635,410		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
PFRS & PERS Pension Obligation	529,677	1,075,982	546,305
Insurance	2,220,000	2,540,000	320,000
Unemployment	0	70,000	70,000
Debt Service	2,265,153	2,319,050	53,897
RUCT	912,880	1,012,880	100,000

D. List all new property tax funded full-time positions planned in the Application Year:

Department/Agency	Position	Number	Dollar Amount
	There are none		

E. Display projected tax levies, local revenues (not grants), anticipated (gradually reduced) Transitional Aid, total salary and wages, and total other expenses projected for the three post-application years:

	Tax Levy	Local Revenues	Transitional Aid	Total S&W	Total OE
First year	\$13,952,427	See attached Projections	\$635,410	\$7,164,805	\$13,531,423
Second year	\$15,765,431		\$0	\$7,308,101	\$13,856,575
Third year	\$16,683,227		\$0	\$7,454,263	\$14,606,952

VIII. Financial Practices

A. Expenditure controls and practices:

Question	Yes	No
1. Is an encumbrance system used for the current fund?	x	
2. Is an encumbrance system used for other funds?	x	
3. Is a general ledger maintained for the current fund?	x	
4. Is a general ledger maintained for other funds?	x	
5. Are financial activities largely automated?	x	
6. Does the municipality operate the general public assistance program?		x
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?	x	
8. At any point during the year are expenditures routinely frozen?	x	
9. Has the municipality adopted a cash management plan?	x	
10. Have all negative findings in the prior year's audit report been corrected?	Cy Audit not Complete	
If No, list those uncorrected as an appendix.		

B. Risk Management: Indicate ("x") how each type of risk is insured.

Coverage	JIF/HIF	Self	Commercial
General liability	x		
Vehicle/Fleet liability	x		
Workers Compensation	x		
Property Coverage	x		
Public Official Liability	x		
Employment Practices Liability	x		
Environmental	x		
Health	SHBP		
	x		

C. Salary and Employee Contract Information (when more than one bargaining unit for each category, use average):

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	2010	N/A		
Average percentage increase	%	%	%	%
Last contract settlement date	2009	N/A		
Contract expiration date	12/31/2010	N/A	12/31/2009	

Explain if any of the following actions have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)				
Under Consideration for all				
Wage Freezes (describe below)				
In Place for non-union				

Application Year CY 2010/SFY 2011	Municipality: North Arlington	County: Bergen
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Layoffs (describe below)				

D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?		X
2. When was the last foreclosure action taken or tax assignment sale held: Date:	N/A	
3. During 2009, on what dates were tax delinquency notices sent out: Date:	10 DAYS POST DUE DATE	
4. Date of last tax sale: Date:	05/12/10	

E. Specialized Service Delivery:

If the answer to either question is “Yes,” provide (as an appendix) a cost justification of maintaining the service without changes.

Service	Yes	No
Sworn police or firefighters are used to handle emergency service call-taking and dispatch (in lieu of civilians)		X
The municipality provides rear-yard solid waste collection through the budget		X

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	2008 - \$ 137,384	Last Year:	2009 - \$ 31,515	Anticipated Application Year:	\$ 30,000
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2. List the instruments in which idle funds are invested:

Pass – Book Savings	
Certificate of Deposits	

3. What was the average return on investments during CY 2009?	.50 %
4. When was the last time fee schedules were reviewed and updated?	2010

F. Status of Collective Negotiation (Labor) Agreements: List each labor agreement by employee group, contract expiration date, and the status of negotiations of expired contracts.

Employee Group	Expiration Date	Status of Negotiations of Expired Agreement
Police PBA	12/31/2010	ARBITRATORS AWARD
Blue Collar Employees	12/31/2009	ONGOING
White Collar Employees & Dispatchers	12/31/2009	ONGOING

Application Year CY 2010/SFY 2011	Municipality: North Arlington	County: Bergen
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**IX-A. Demonstrated reductions or actions that limited otherwise ordinary increases in Salary and Wage costs.
(See item B-4 in Local Finance Notice 2010-14 for details)**

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Court	2009		Voluntary Furlough of One Court Employee Saving \$35,000
Buildings and Grounds	2009		Elimination of Cleaning Contract Saving \$30,000
Police	2008/9		Aggressive OT Controls Saving \$150,000
Non-Union	2008/9		Wage Freeze non-union
Professional Services	2008/09		Reduction in use of professionals
Professional Services	2008/09		Elimination of Grant Writer

IX-B. Demonstrated reductions or actions that limited otherwise ordinary increases in Other Expense or other costs. (See item B-6 in Local Finance Notice 2010-14 for details). Include changes in spending policies that reduce non-essential spending.

Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
			Order to reduce spending across the board to all departments
			No idling policy all departments
			Deferral of most spending requests for non-bondable equipment
			New overtime rule which eliminated all unnecessary OT
			No hiring unless an emergent circumstance such as a crossing guard
			Energy efficient lighting installed – automated switches throughout

Application Year CY 2010/SFY 2011	Municipality: North Arlington	County: Bergen
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Section XI – Impact of Limited or No Aid Award

Describe in complete detail the impact if aid is not granted for the current fiscal year; **this priority setting requires that the municipality will maintain a minimum level of essential services.** List the appropriate category of impact if the aid is not received. Rank each item from both lists as to the order in which elimination will take place. If across the board cuts will be made, indicate under service. **For rank order purposes, consider the two sections as one list. The cuts outlined here are one that the municipality is committed to make if they do not receive aid. (APPLICANT NOTE – THE ITEMS BELOW ARE CONSIDERATIONS AT THIS TIME AND HAVE NOT BEEN RATIFIED OR APPROVED BY THE GOVERNING BODY)**

Rank Order	Department	# of Layoffs	Effective Date	2010 Full Time Staffing	2011 Full Time Staffing	\$ Amount to be Saved
1	DPW	1	1/1/2011	10	9	75,000
1	NAPD	5	1/1/2011	31	26	\$600,000
1	COURT	1	1/1/2011	3	2	\$75,000

If services will be reduced, describe the service, impact and cost savings associated with it.

Rank Order	Service	Cost Savings	Impact on Services
1	Senior services	\$70,000	Non-emergent medical transport to seniors will terminate
1	Across the board cuts	\$300,000	Necessary work will continue to remain incomplete
1	General Office	\$100,000	Borough will shut down at various dates/times
1	Garbage removal reduction	\$150,000	Reduce to once per week and end business pickups

XII. Agreement to Improve Financial Position of Municipality

If aid is granted, are you willing to enter into a “memorandum of understanding” that will, among other restrictions and requirements:

	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations	x	
2. Implement actions as recommended by the Director to address the findings of Division staff	x	
3. Enter into a Memorandum of Understanding	x	

The undersigned herewith acknowledges the foregoing requirements with which the municipality must comply in order to receive aid as outlined above.

In addition, included with this application is a copy (printed or electronic) of the budget documentation that supports the budget calculation that was provided to the governing body.

Mayor _____ Date _____

Chief Financial Officer _____ Date _____

ATTEST: _____ Date _____

Municipal Clerk