

Transitional Aid Application for Calendar Year 2011
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by March 11, 2011 for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice **2011-7** when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 6.

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

I. Aid History

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

CY 2010	CY 2009	CY 2008
\$400,000	\$-0-	\$-0-

II. Aid Request for Application Year: (All municipalities currently operating under a Transitional Aid MOU are advised that a decrease from prior year funding is likely.)

Amount of aid requested for the Application Year:	\$400,000
--	------------------

An aid request does not constitute guarantee of receipt of any funds.

III. Submission Requirements

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	2/10/11
Previous Year Annual Audit	September 2010
Previous Year Audit Corrective Action Plan	October 2010
Application Year Introduced Budget	3/10/11
Budget documentation submitted to governing body	3/8/10

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	ON FILE	3/11/11
Governing Body Presiding Officer	ON FILE	3/11/11
Chief Financial Officer	ON FILE	3/11/11

Application Year CY 2011	Municipality: North Arlington	County: Bergen
---------------------------------	-------------------------------	----------------

--	--	--

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.

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
- Baler Closed for Several Years and only recently reopened to lower revenue
- ENCAP Situation
- Waste Disposal Costs

The above was 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 their 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 municipal tax impact on an average house is 12% or \$353 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. This is resulting in a \$300,000 per year increase in debt service in order to fund the repayment over 14 years. The loss in potential revenue cannot 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 97.71%. The effects of this decline caused a significant decrease in tax collections and significant increase in the reserve for uncollected taxes. The Borough ended 2010 with over \$1M in delinquent taxes of which back taxes on the NJMC baler site and the Kingland landfill total more than \$500,000. The Borough is currently negotiating a pilot agreement for the two properties in question, however the landfill (30 acres) property is currently being assessed at \$200,000 per acre for which the NJMC owes back taxes for 2009 and 2010.

In addition, the host fee revenues from the belatedly opened baler continue to grow at a level that is significantly below the funding level in prior years.

V-A. Explanation of Need for Transitional Aid (Continued)

Finally, with the continued economic downturn, the opportunities to generate measurable revenues which can be incorporated into the municipal budget and related tax relief are still on the horizon, as opposed to active projects with date certain implementation. This delayed opportunity has created transitional issues which continue to require the partnership of the State of New Jersey and related agencies.

V-B Alternate Eligibility Calculation

Complete this section only if Transitional 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 C, items 2-7 of Local Finance Notice 2011-7 are met.

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

If the 2% criterion 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 2011-7, 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: (1) extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions, but inclusive of other aid, including payments under various open space State payments in lieu of tax programs), but not as the aggregate of many revenue line items; and (2) or specific, extraordinary increases in appropriations. Describe the item on the cell below each entry. If applicable, indicate in the description of the extraordinary increase in expenditure if the increase was the result of a policy decision made by the municipality (i.e. a back-loaded debt service schedule, deferred payment, costs associated with additional hires, etc.)

Revenue or Appropriation	Prior Year Value	Current Year Value	Amount of Loss/Increase
Surplus	\$ 860,673	\$ 200,000	\$ 660,673
Description:	Decrease due to operating deficit		
Insurance	\$2,540,000	\$2,950,000	\$ 410,000
Description:	Increased renewal rates		
Def. Charges Operating Deficit	\$ -0-	\$ 217,879	\$ 217,879
Description:	Deficit in anticipated revenues and delinquent tax proceeds		
Debt Service	\$2,319,050	\$2,639,072	\$ 320,022
Description:	Increase due to the principal and interest payment due for the Cherokee Settlement of \$2.8 million.		
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 is a willing partner with the State in the Transition Aid program. As such, we have endeavored to meet the obligations set forth in order to maintain our status and reapply this year. The mandates within the MOA have assisted the Borough with additional guidance and tools to further stabilize taxes for the residents. We appreciate the tools and techniques made available.

The Borough has aggressively cut budgets in all ways. There is a directive to all departments to simply not spend any money unless it is mission critical. The collective bargaining agreements are all expired and the governing body continues to consider significant tax stabilizing action on all contracts. We will be working with the State on all union agreements consistent with the MOA. We only contract for what is required and negotiate aggressively with all providers of service to the borough. We have eliminated numerous programs in order to increase revenues and decrease costs, for example:

1. Year round meter enforcement
2. Fee ordinance for routine medical transport
3. Cancellation of certain public events and most services which were above the normal day to day service requirements

The Borough successfully worked to reopen HMDC Baler. While the revenue is not at the levels the Borough wishes to obtain at this time, it is on a better path than the last Transitional Aid application. Part of the new agreement has resulted in the Borough to avoid the cost of solid waste tipping fees. This saves the Borough approximately \$650,000-\$750,000. A redevelopment plan has been approved for the former En-Cap and BCUA properties. This development, which is an enhancement from last year and a promise kept, will enable the Borough to experience new interest and development activity in order to begin new and attractive development. This development allows the Borough to eliminate the need for further Transitional Aid, a mutual goal of the Borough and the State.

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. 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 2012 and in future years.

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

- Continuation of a hiring freeze unless circumstances are critical
- Encouragement of eligible employees to retire
- All grants available are applied for and – as an example - we expect to implement \$175,000 of energy efficiency grants within the next several months. This is consistent with the guidance set forth in the Memorandum of Agreement and the Transitional Aid application. We endeavor to utilize multijurisdictional funding for capital needs wherever possible or practicable.

- Negotiating with the NJMC on a Pilot Agreement for commission owned properties.

The Borough of North Arlington is working hard to eliminate the need for Transitional Aid. The aid application amount this year is lower than last year which reflects the successful partnership between the two respective agencies that are charged with stabilizing taxes while ensuring that the public is receiving the goods and services to which they should expect and deserve for their tax dollar. We continue to build on the success of 2010 and expect to be exiting the Transitional Aid program in the very near future.

VI. Historical Fiscal Statistics

Item	2009	2010	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$1.563	\$1.733	\$1.051 *
Municipal Purposes tax levy	\$12,806,611	\$14,187,837	\$15,855,910
Municipal Open Space tax levy	\$-0-	\$-0-	\$-0-
Total general appropriations	\$20,463,035	\$20,678,533	\$21,687,413
2. Cash Status Information			
			%
% Of current taxes collected	97.55%	97.71%	
% Used in computation of reserve	97.52%	97.47%	97.53%
Reserve for uncollected taxes	\$912,880	\$1,012,880	\$1,012,880
Total year end cash surplus	\$420,673	\$412,044	
Total non-cash surplus	\$934,993	\$412,044	
Year end deferred charges	\$240,000	\$677,879	**
3. Assessment Data			
Assessed value (as of 7/1)	\$819,167,785	\$818,276,561	\$1,508,037,889 *
Average Residential Assessment	\$179,300	\$179,300	\$319,000
Number of tax appeals granted	50	50	
Amount budgeted for tax appeals	\$-0-	\$-0-	\$-0-
Refunding bonds for tax appeals	\$-0-	\$-0-	\$-0-
4. Full time Staffing Levels			
Uniformed Police - Staff Number	31	30	28
Total S&W Expenditures	\$4,381,999	\$4,266,867	\$4,371,700
Uniformed Fire - Staff Number			
Total S&W Expenditures	\$-0-	\$-0-	\$-0-
All Other Employees - Staff Number	36	36	36
Total S&W Expenditures	\$2,528,623	\$3,040,305	\$2,784,687

5. Impact of Proposed Tax Levy

	Amount
Current Year Taxable Value	1,508,037,889
Introduced Tax Levy	15,855,910
Proposed Municipal Tax Rate \$1.051 Average Res. Value (#4 above)	319,000
Current Year Taxes on Average Residential Value (#4 above)	3,354
Prior Year Taxes on Average Residential Value	3,001
Proposed Increase in average residential taxes	353

* Revaluation became effective in 2011.

** Year end deferred charges at 12/31/10 include operating deficit and special emergency for terminal leave payments.

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2011

B. Proposed Budget – Appropriation 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		
\$1,465,805		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$ 759,572		
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:		X
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Health Insurance	2,422,373	2,950,000	527,627
Debt Service	2,302,854	2,639,072	336,218
Def. Charges-OP Deficit – Sp. Emerg.	80,000	357,879	277,879
PFRS & PERS	1,075,982	1,260,517	184,535

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

Department/Agency	Position	Number	Dollar Amount
	There are none contemplated at this time		

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	17,015,275	5,110,530	-0-	7,296,251	14,829,554
Second year	17,827,762	5,175,530	-0-	7,442,176	15,561,116
Third year	18,654,338	5,375,530	-0-	7,591,019	16,438,848

See attached projection of 2012-2014

Application Year CY 2011	Municipality: North Arlington	County: Bergen
---------------------------------	-------------------------------	----------------

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?	*	
If No, list those uncorrected as an appendix.		

* CY Audit not complete

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. 1) 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		2009	varies
Average percentage increase	4%	%	3%	2.3%
Last contract settlement date	1/1/07		1/1/07	
Contract expiration date	12/31/10	N/A	12/31/09	

2) 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)				
Will be considered				
Wage Freezes (describe below)				
2011 Budget includes a Borough-wide freeze on salaries				
Layoffs (describe below)				
Will be considered				

Application Year CY 2011	Municipality: North Arlington	County: Bergen
---------------------------------	-------------------------------	----------------

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. On what dates were tax delinquency notices sent out in 2010: Date:	2/15, 5/15, 8/15, 11/15	
4. Date of last tax sale: Date:	5/12/10	

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:

2010 Prior Year:	\$31,735	2009 Last Year:	\$31,515	Anticipated Application Year:	\$25,000
---------------------	----------	--------------------	----------	----------------------------------	----------

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 2010?

.50%

4. When was the last time fee schedules were reviewed and updated?

2010

G. 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	12/31/10	Ongoing
Blue Collar Employees	12/31/09	Ongoing
White Collar Employees & Dispatchers	12/31/09	Ongoing

Application Year CY 2011	Municipality: North Arlington	County: Bergen
---------------------------------	-------------------------------	----------------

IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased or imposed, and if so, how changes will be implemented; i.e., recreation fees, utility fees, land use fees, construction, housing, and fire code.

Local Revenues and services provided though the General/Current Fund	Check if services is provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the amount of subsidy?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate subsidy.
Recreation programs	<input checked="" type="checkbox"/>	Yes		
Sewer Fees	<input checked="" type="checkbox"/>	No		Included in tax rate
Water Fees	<input type="checkbox"/>			
Swimming Pool	<input type="checkbox"/>			
Uniform Construction Code	<input checked="" type="checkbox"/>	Yes		
Uniform Fire Code	<input checked="" type="checkbox"/>	Yes		
Land Use Fees	x	Escrow		
Parking Fees	<input checked="" type="checkbox"/>	Yes		
Beach Fees	<input type="checkbox"/>			
Insert other local fees below:	<input type="checkbox"/>			
Business Registration	x	Yes		

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 committing to make if they do not receive aid.**

Rank Order	Department	# of Layoffs	Effective Date	2010 Full Time Staffing	2011 Full Time Staffing	\$ Amount to be Saved
1	DPW	1	6/1/11	10	9	40000
1	NAPD	4	6/1/11	28	27	250000
1	COURT	1	6/11/11	3	2	40000

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	\$35,000	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

XII. Agreement to Improve Financial Position of Municipality

If aid is granted, the municipality will be required to submit to certain reporting conditions and oversight as authorized by law and a Memorandum of Understanding will need to be signed. Please mark each box below indicating that the applicant understands, and agrees to comply with these broad reporting and oversight provisions.

	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 directed by the Director to address the findings of Division staff.	X	
3. Enter into a Memorandum of Understanding and comply with all its provisions, without exception.	X	

XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality has complied with all the conditions and requirements of 2010 MOU conditions, including, but not limited to, the following: submission of a Transition Plan, adoption of a pay to play ordinance, receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors. (Note – in regard to approval forms – DCA advised us to make every resolution subject to final approval from DCA. All contracts and agreements were submitted by email)

Mayor: _____ ON FILE _____ Date: _____

Chief Financial Officer: _____ ON FILE _____ Date: _____

Chief Administrative Officer: _____ ON FILE _____ Date: _____

XIV. CAMPS Certification (Civil Service municipalities only)

For Civil Service municipalities, the undersigned, being knowledgeable thereof, hereby certify that the municipality has placed the names of all current civil service employees in the NJ “CAMPS” system.

Human Resources or Personnel Director: _____ ON FILE _____ Date: _____

Chief Financial Officer: _____ ON FILE _____ Date: _____

XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned 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: _____ ON FILE _____ Date: _____

Chief Financial Officer: _____ ON FILE _____ Date: _____

Application Year CY 2011	Municipality: North Arlington	County: Bergen
---------------------------------	-------------------------------	----------------

Chief Administrative Officer: _____ ON FILE _____ Date: _____