

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:	City of Orange Township			County:	Essex
Contact Person:	John Mason			Title:	Business Administrator
Phone:	(973)266-4074	Fax:	973-672-2383	E-mail:	jmason@ci.orange.nj.us
Population:	32,868				

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
\$500,000.00	\$0.00	\$1,000,000.00

II. Aid Request for Application Year

Amount of aid requested for the Application Year:	\$3,500,000.00
----------------------------------------------------------	-----------------------

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

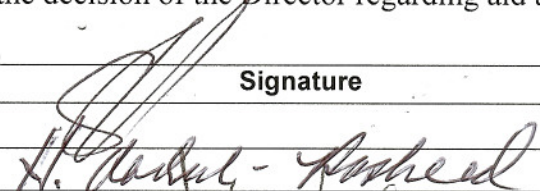
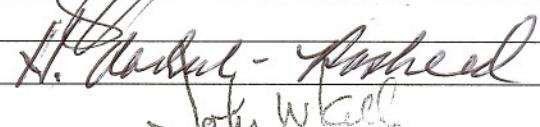
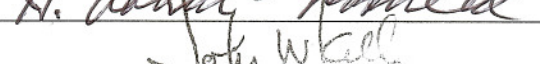
III. Submission Requirements

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	Pending
Previous Year Annual Audit	January 8, 2010
Previous Year Audit Corrective Action Plan	Pending
Application Year Introduced Budget	Pending
Budget documentation submitted to governing body	Pending

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		9/30/10
Governing Body Presiding Officer		9-30-10
Chief Financial Officer		9/30/10

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)

In Orange, we understand that the State of New Jersey is in a state of financial ruin and we recognize that we as a city have become too dependent on state government for our survival. We recognize that New Jersey is in a deep economic hole and that the state faces enormous structural budget shortfalls even in good times. New Jersey has a huge imbalance between what the state collects and what it spends.

Orange, like most cities in New Jersey, depends on the state. We need state aid to help fund our city services and our schools and to keep property taxes under control. We are forced by the structure of state finances to rely heavily on the property tax despite the fact that the property tax is one of the most unfair and inequitable of all taxes.

In a better-organized state, a greater share of income and sales taxes would go to municipalities and school districts. But New Jersey is broke, and the proposed Fiscal Year 2011 State budget severely cuts the income and sales tax revenues that help support local government.

Under FY11 State budget, state aid to school districts was cut by \$820 million and municipal aid was cut by an additional \$466 million. The Urban Enterprise Zone program will effectively be eliminated for the fiscal year. All UEZ sales tax revenues earned during Fiscal Year 2011 will go to the State rather than to UEZ programs. The bottom line is that in Orange, the state budget cuts could very well cause the largest single year property tax increase in history.

In Orange, the overall impact of the state budget will increase property taxes 16.5%, nearly \$1,200 for the average taxpayer. The combination of revenue items being lost in the state budget, categorical aid cut 14.5%, the total elimination of Extraordinary Aid, for the City of Orange a loss of \$500,000 and the "now we have it, now we don't" UEZ program, where the City will suffer an additional funding loss of \$1,147,759.

The \$1,200 increase I referenced is only for the Municipal portion of property taxes. Couple this with the increase in property taxes that will be caused by the loss of local revenue and state aid to the Orange Board of Education and the average property owner will be handed an unconscionable \$1,700 increase in the annual property tax bill.

The reality of losing UEZ and the devastation to the City of Orange is very measurable. In the past five years, the UEZ program has resulted in over 100 private sector jobs in our city, aided by clean and safe streets financed by UEZ. The immediate future, UEZ funding for Litter Collection ended on May 31st. Support for our Police and our Planning Departments ended on June 30th. This represents a loss of 9 public works employees who keep our shopping areas clear of litter, 11 police officers who make Main Street safer, and the equivalent of two Planning Department employees who were the catalyst in private sector UEZ participation.

Orange has a crushing property tax burden caused by a relatively small commercial and residential property tax base. The highest priority of the Hawkins' Administration is to stabilize property taxes by expanding our tax base through development. We are focused on attracting new tax-paying businesses, helping existing businesses to grow and flourish, and developing new market rate housing. The Urban Enterprise Zone Program is at the heart of our tax stabilization and redevelopment strategy.

The UEZ is the only funded program that the State has to enhance commerce in Orange and our other cities. UEZ projects are creating and retaining private sector jobs, promoting commerce and leveraging private investment through maintenance and safety of the zone. We were using UEZ funds to attract additional private investment, and especially to spur development within walking distance of public transportation.

In Orange, we use UEZ funding to develop our long term comprehensive redevelopment strategy. At a time when many downtown retail corridors are in serious trouble, Orange is implementing a plan to attract shoppers back into its business districts and to help local businesses survive and grow.

Take one example. Public safety. Before we can attract development, grow businesses, and revitalize our business districts, people must feel safe on our streets, in our stores, and in our homes. We are making enormous strides in public safety. Major crimes were down 21% last year compared to 2008, and a recent survey showed that people in Orange are feeling much safer than they did two years ago.

V-A. Explanation of Need for Transitional Aid**Continued**

One reason for this is that on Main Street, we have 11 police officers funded by the UEZ that provide a highly visible police presence. When shoppers feel safe, retail businesses can flourish. Without UEZ funding, we will lose those 11 police officers. We don't have the money to pay for them out of municipal revenues. The result will likely be a return to the past when many were afraid to shop in our city.

Let me give you another example. With UEZ funding, we were able to conduct a market and retail study and analysis of our commercial corridors and to develop both long term and short term strategies for revitalization. As a result of this study, we found out what kind of stores are missing from our retail mix and how to attract them. We learned that many of our merchants are not targeting high end shoppers that could strengthen their businesses. We gained an understanding of the unique strengths and potential of our Main Street corridor. We learned about the negative perceptions that are keeping shoppers away from Orange.

This study led to a redevelopment plan that includes improved parking, better signage, helping shops improve merchandise selection and presentation, restoring the original architecture of Main Street, recruiting upscale dining and sidewalk cafes, improving our retail zoning and much, much more. Creation of that plan would not have been possible without UEZ funding. And now, as the plans are in the first stages of implementation, the UEZ funds that we need to carry them out are being taken away.

With UEZ funding, we made our 2009 Christmas season a big success for our merchants while merchants in other areas were suffering severely from the recession. Our UEZ funded "Home for the Holidays Campaign" helped retailers and merchants better manage merchandise, increase sales and or revenue, and attract new and more shoppers to our commercial corridors. It enables us to establish an email database of people who shop in Orange to help our stores target their future marketing at low cost, and it increased the enrollment of businesses in our UEZ program. Most importantly, retailers want to have another campaign.

With our UEZ funding, we are creating new excitement about doing business in Orange. Our retail support efforts have captured the attention of other towns and the media. Our ideas for bringing commerce back to downtown have been reported in "The New Jersey Conference of Mayors Magazine", New Jersey League of Municipalities Magazine" and in local papers.

Losing the UEZ is particularly painful in Orange because we have been so successful in increasing our UEZ revenues by aggressively recruiting new businesses to the program. By adding new businesses, we have gained \$1.1 million dollars of additional funding in the last year. Now we stand to lose almost everything for FY11.

The impact of the FY11 state budget is a crushing increase in property taxes for Orange residents and businesses and the loss of the resources that we need to revitalize our city and stabilize property taxes through the redevelopment and revitalization that we need to expand our tax base.

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:			
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.

Each of the above responsibilities is aggressively pursued. The budget is never considered a stagnant document but a dynamic footprint that can change at any time. Each budgetary line item is reviewed with the City Administrator, CFO, and Department Head. Every revenue and associated fee is analyzed with an eye toward maximizing potential. As an example, the City recently completed a 100kw solar project on the roof of its police building. 100% of the funding was secured by grants and BPU rebates. Our energy demand will be decreased and SREC revenue of \$100,480 was realized this fiscal year. Additionally, the City is pursuing conversation with the County of Essex whereby the City would install a Solar array at the City's Reservoir, adjacent to the County's Turtle Back Zoo, potentially selling power to the County.

With regard to expenditures, overtime exception reports are prepared each payroll. Labor contracts are not settled over CPI, all include givebacks and the negotiation process is always long and tiring. As an example, I believe no other urban city requires its firefighters to work eleven years before reaching top pay. Additionally, non-uniformed workers forfeited longevity for new hires along with paid health benefits at retirement. Uniformed employees are also not immune to givebacks. In recent CBA's, these groups gave back vacation days, had co-pays increased and share the cost of medical premiums. The City also withdrew from the State Health Benefits Plan three years ago and realized a savings in excess of \$600,000 each of the first two years. Due to a projected 25% increase, the City reenrolled in the SHBP June 2009.

Most importantly, Orange and neighboring municipalities are contemplating shared fire services. One step in that process is centralized dispatch, Orange contracted with UMDNJ and their regional dispatch center in September of last year.

Although cost constraints and common revenue enhancement is admirable, the City's long-term strategy is redevelopment, expanding the City's residential and commercial tax base. Recently approved Redevelopment Agreements have placed this goal on the road to implementation.

Assuming the real estate market will firm up in the near future, the City will be poised to act. The City's current redevelopment initiative will result in significant growth in ratables. Projects at the former Orange Hospital Center and Valley area are set to construct 600 new units of market rate housing. This represents an astounding 15% of the total number of Class 2 properties...and additional units are in the pipeline!

VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	1.932	2.134	Pending
Municipal Purposes tax levy	1.082	1.100	Pending
Municipal Open Space tax levy	(Inc. above)	(Inc. above)	Pending
Total general appropriations	3.014	3.234	
3. Cash Status Information			
% Of current taxes collected	93.19%	Pending	%
% Used in computation of reserve	94.16%	Pending	Pending
Reserve for uncollected taxes	\$ 2,854,000	\$ 3,432,838	Pending
Total year end cash surplus	\$ 2,144,139	\$ Pending	
Total non-cash surplus	\$ 147,388	\$ Pending	
Year end deferred charges	\$ 90,000	\$ Pending	
4. Assessment Data			
Assessed value (as of 7/1)	\$ 1,612,092,414	\$ 1,601,318,870	\$ 1,589,952,100
Average Residential Assessment	\$ 245,013	\$ 244,463	\$ 240,229
Number of tax appeals granted	244	181	
Amount budgeted for tax appeals	\$0	\$0	Pending
Refunding bonds for tax appeals	\$0	\$0	Pending
5. Full time Staffing Levels			
Uniformed Police - Staff Number	109	116	
Total S&W Expenditures	\$ 10,254,000	\$ 11,185,000	\$ Pending
Uniformed Fire - Staff Number	75	72	
Total S&W Expenditures	\$ 7,106,000	\$ 7,321,000	\$ Pending
All Other Employees - Staff Number	152	149	
Total S&W Expenditures	\$ 6,766,700	\$ 6,161,700	\$ Pending
6. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			\$ 1,591,479,392
Introduced Tax Levy			Pending
Proposed Municipal Tax Rate	Pending	Average Res. Value (#4 above)	\$ 240,229
Current Year Taxes on Average Residential Value (#4 above)			Pending
Prior Year Taxes on Average Residential Value			Pending
Proposed Increase in average residential taxes			Pending

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2006

B. Proposed Budget – Appropriation and Levy Cap Information

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

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
PFRS	3,529,015	4,207,272	678,257
Police S&W	11,185,000	Pending	
Health Benefits	7,278,000	Pending	
Fire S&W	7,321,000	Pending	
RUT	3,318,218	Pending	

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

Department/Agency	Position	Number	Dollar Amount
	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	34,300,000	16,800,000	3,500,000	24,667,700	20,000,000
Second year	34,986,000	18,800,000	1,500,000	24,000,000	20,000,000
Third year	35,685,000	19,800,000	500,000	23,500,000	20,000,000

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?	X	
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	2009	2009	FY08	FY08
Average percentage increase	1.5%	2 %	3 %	3 %
Last contract settlement date	5/01/07	12/08/08	6/01/07	
Contract expiration date	12/31/09	12/31/09	6/30/08	

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)				
Wage Freezes (describe below)				
Layoffs (describe below)	Yes	Yes	Yes	Yes
Will be dependent upon final outcome of labor contract negotiations.				

--

D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. When was the last foreclosure action taken or tax assignment sale held: Date:	**	
3. During 2009, on what dates were tax delinquency notices sent out: Date:	Qtrly.	
4. Date of last tax sale: Date:	4/13/10	

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)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The municipality provides rear-yard solid waste collection through the budget	<input type="checkbox"/>	<input checked="" type="checkbox"/>

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$ 69,890	Last Year:	Pending	Anticipated Application Year:	Pending
-------------	-----------	------------	---------	-------------------------------	---------

2. List the instruments in which idle funds are invested:

NJ CLASS	
Various Govt. Money Market Checking Accts.	

3. What was the average return on investments during FY 2010?	Less than 1 %
4. When was the last time fee schedules were reviewed and updated?	1/01/2010

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
OMEBA	7/1/2008	Ongoing
PBA	1/1/2010	Ongoing
FMBA	1/1/2010	Ongoing
FOA	1/1/2009	Ongoing
SOA	1/1/2012	

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
Ambulance Service	140,000	0	Awarded a "no cost" contract to Monoc for city wide 24/7 ambulance service
Various		TBD	Bulk purchases through the Morris and Bergen County Co-ops.

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

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

Rank Order	Service	Cost Savings	Impact on Services
	Police	TBD	Explained in Section V-A
	Fire	TBD	Explained in Section V-A
	Public Works	TBD	Explained in Section V-A
	Community Services	TBD	Explained in Section V-A
	Planning & Economic Development	TBD	Explained in Section V-A

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 [Signature] Date 9/30/10

Chief Financial Officer [Signature: John W. Kelly] Date 9/30/10

ATTEST: [Signature: Dwight Mitchell] Date 9/30/10
Municipal Clerk

