# Transitional Aid Application for State Fiscal Year 2013 Division of Local Government Services Department of Community Affairs

General Instructions: This application must be submitted in its entirety by September 28, 2012 for funding consideration VICES under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice 2012-19 when preparing this application for specific instructions and definitions, and review the Submission 11: 26 Checklist on Page 7.

 Name of	Municipa	lity: <u>Cit</u>	y of Un	ion City		County:	Hudson
Contact Person: Richard Cahill			Title:	CFO			
Phone:	201-348	-5846	Fax:	201-348-0639	E-mail:	rcahill@u	enj.com

# 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:

FY 2012	FY 2011	FY 2010
\$ <u>12,000,000</u>	\$ <u>11,305,507</u>	\$ <u>11,300,000</u>

**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:	\$ <u>16,800,000</u>
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice #2012-19

## 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
2012 Annual Financial Statement	October, 2012
2011 Annual Audit	May, 2012
2011 Corrective Action Plan	June, 2012
Application Year Introduced Budget	October, 2012
Budget Documentation Submitted to Governing Body	October, 2012

# 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	Munu :	
Governing Body Presiding Officer		

<b>Application Year SFY 2013</b>	Municipality:	County:
	///(10000000000000000000000000000000000	
Chief Financial Officer	WW Call	

Application Year SFY 2013	Municipality:	County:

# 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.

The City has the highest unemployment rate in Hudson County (15% vs 11.6% for Hudson County). The loss of Transitional Aid would create an unsustainable hardship on the City taxpayers. The extended downturn in the economy and high unemployment has affected homeowners and businesses alike. Homeowners face the possibility of foreclosure and businesses have and may declare bankruptcy.

Union City is a high density urban community with minimal space available for development. It is the most densely populated community in the state. As a consequence, the City is reliant on state aid and property taxes to fund its' budget which makes up about 85% of the City's total budget. The other 15% of the budget revenue is made up of other revenues and fees. These other revenues are reviewed annually and revised when appropriate. The City struggles with an on-going structural budget deficit with no sure means of correction. The city continues its efforts to reduce expenditures.

Any further reductions will have a severe negative impact on the fiscal integrity of the City in providing public safety, health and basic municipal services.

The Mayor has no control over certain budgetary expenditures including:

Group Health Insurance which increased \$1,778,752

North Hudson regional Fire & rescue increased \$807,780

Debt service Increased \$905,876

In addition to the items mentioned above, funding from the UEZ that covered the salaries of two police officers and City litter cleanup are now being absorbed in the Current Fund budget.

Revenue losses include the following:

Emergency Medical Services revenue is down \$400,000

Library Surplus Revenue is down \$1,100,000

UEZ revenue is down \$1,300,000

V–B. Alternate Eligibility			
NOT APPLICABLE			
Demonstration of Revenue Lo. Complete Part 2 if eligibility was not met i aggregate of many revenue line items; and of many appropriation line items. Describe of the extraordinary increase in expenditure a back-loaded debt service schedule, deferment to the complete that the comple	n Part 1. Show: (1) spec (2) specific, extraordina the item on the cell below if the increase was the	ific, extraordinary revenue ry increases in appropriati ow each entry. If applicab result of a policy decision	ions, but not as the aggregate ble, indicate in the description made by the municipality (i.e.
Revenue or Appropriation	2011 Value	2012 Value	Amount of Loss/Increase
Description:			

Municipality:

**Application Year SFY 2013** 

Description:

County:

TI CITY A013	Municipality	County:
Application Year SFY 2013	Municipality:	County.

# 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. (Items included in a Transition Plan submitted by a current recipient need not be repeated here.)

The City has aggressively sought to control and reduce expenditures. The City's policy has been not to replace employees who retire, resign or are otherwise terminated, except for positions essential to conduct city business. The City has required employees to assume the responsibilities of terminated employees in order to effect staff reductions. When employees must be replaced, new hire salaries are at entry level, or substantially less than the terminated employees' salary. Whenever possible, the City uses part-time hires in order to save on benefit costs.

This policy has enabled the City to reduce full-time budgeted positions from 442 in FY2004 to 373 in FY2013.

Since January, 2011 ten non uniformed personnel with combined salary of \$668,000 retired and have not been replaced.

The city continues to aggressively seek grant funding to effect budget cost savings. An example of this is a police grant the city obtained which over the course of three years will save the city \$2,209,000 in police salaries.

In FY 2010, the City awarded contracts for solid waste removal, recycling and container services. The current contract results in \$1,980,000 savings over its five year life as compared to the prior contract.

During FY 2012, the city entered into a cooperative purchasing agreement for electricity with the County of Hudson with a projected savings of 5%. In FY2013, the City entered into a cooperative purchasing agreement with the County of Passaic for natural gas and is expecting to see a 9% savings in gas costs. The City has recently centralized its purchasing department in an attempt to gain better control over expenditures and to obtain more quotes and bid more items in order to attain additional savings. The City will pursue a telephone audit for potential savings as well.

The City is currently in negotiations with the Union City Employees Associations as well as the PBA and the Superior Officers union. The City is seeking substantial give-backs, including the elimination of terminal leave, caps on vacation and sick time, reduction of vacation & personal days and increase in insurance co-pays.

As a further control on expenditures, the Mayor reviews all purchase requisitions prior to processing.

The City is making every effort to control and reduce expenditures. Significant budget items beyond the City's control include county and regional solid waste

Application Year SFY 2013	Municipality:	County:
		ntributions and dobt
dumping fees, group health in	surance costs, pension co	ntributions and debt
service.		

		Commerce
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Application Year SFY 2013	Withhorparity.	· · · · · · · · · · · · · · · · · · ·

# V-D. Discussion of Health Benefits

In FY 2013 the City's cost of health benefits has increased \$1,778,752 over FY 2012 budgeted amounts. The City has no control over this budgeted item. However, In FY				
2013 the City's insurance broker is conducting an audit of all persons insured				
through the City for health benefits to ensure the City is not paying for anyone who				
is not entitled to benefits. Additionally, the City has offered a lower cost health				
insurance plan to employees to help them reduce their out of pocket cost for insurance but also to help reduce the City's cost as well.				
insurance but also to help reduce the only 3 cost do wom				

Application Year SFY 2013	Municipality:	County:

# VI. Historical Fiscal Statistics

### Item

# 2011 2012 Introduced Application Year

1. Property Tax/Budget Information

Municipal tax rate

Municipal tax rate
Municipal Purposes tax levy
Municipal Open Space tax levy
Total general appropriations

\$3.88	\$ <u>4.00</u>	\$ <u>4.21</u>
\$57,700,000	\$ <u>59,782,800</u>	\$ <u>62,883,820</u>
<u>\$0</u>	\$ <u>0</u>	\$ <u>0</u>
\$103,532,309	\$ <u>105,273,480</u>	\$ <u>104,883,669</u>

2. Cash Status Information

% Of current taxes collected % Used in computation of reserve Reserve for uncollected taxes Total year end cash surplus Total non-cash surplus Year end deferred charges

98.04%	98.91%	%
98.90%		
\$910,000	\$1,050,000	\$1,100,000
<b>\$</b> 0	\$ <u>0</u>	
\$2,152,431	\$2,211,694	
\$8,689,490	\$6,133,683	

3. Assessment Data

Assessed value (as of 7/1) Average Residential Assessment Number of tax appeals granted Amount budgeted for tax appeals Refunding bonds for tax appeals

\$1,486,326,824	\$1,493,359,069	\$1,493,359,069
\$119,200	\$119,200	\$ <u>119,200</u>
389	830	The Proof of the Contract of t
389 <b>\$</b> 0	\$0	<b>\$</b> 0
\$0	\$550,000	\$0

4. Full time Staffing Levels

Uniformed Police - Staff Number
Total S&W Expenditures
Uniformed Fire - Staff Number
Total S&W Expenditures
All Other Employees - Staff Number
Total S&W Expenditures

<u>151</u>	144	<u>147</u>
\$17,448,157	\$ <u>18,598,481</u>	\$ <u>18,384,000</u>
N/A	<u>N/A</u>	<u>N/A</u>
\$ N/A	\$ <u>N/A</u>	\$ <u>N/A</u>
230	226	227
\$11,474,247	\$11,031,959	\$ <u>11,501,096</u>

# 5. Impact of Proposed Tax Levy

### Amount

Current Year Taxable Value		1,493,359,069
Introduced Tax Levy		62,883,820
Proposed Municipal Tax Rate 4.2	Average Res. Value (#4 above)	119,200
Current Year Taxes on Average Re	5,018	
Prior Year Taxes on Average Resid		4,768
Proposed Increase in average reside	<u>250</u>	

Application Year SFY 2013	Municipality:	County:

# VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

<u> 1991</u>		

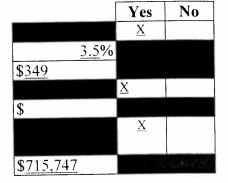
B. Proposed Budget - Appropriation Cap Information

### Item

- 1. Was an appropriation cap index rate ordinance adopted last year?

  If YES: % that was used
- 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
- 4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap?

If YES, amount:



C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Group Health Insurance	14,897,693	16,676,445	1,778,752
North Hudson Regional Fire& Rescue	17,792,220	18,600,000	807,780
Garbage Removal	3,750,000	3,990,000	240,000
All Debt Service lines	6,670,947	7,576,823	905,876
PFRS	4,310,084	4,655,000	344,916

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

Department/Agency	Position	Number	Dollar Amount
Public Safety	Management Specialist	1	35,000

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 postapplication years:

		Tax Levv	Local Revenues	Transitional Aid	Total S&W	Total OE
l	First year	64,883,820	28,000,000	14,000,000	31,000,000	<u>75,883,820</u>
i		66,883,820	30,000,000	12,000,000	31,700,000	77,183,820
	Third year	68,883,820	32,000,000	10,000,000	32,400,000	78,483,820
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Application Year SFY 2013	Municipality:	County:

# 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?	<u>X(1)</u>	
If No, list those uncorrected as an appendix.		
C. 1 9 ignored hinder	the nexma	nt of

<sup>(1)</sup> RFP for Arbitrage Rebate calculation to go out soon. Cash flow issues hinder the payment of school taxes and the settling of interfund balances at year end.

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		
SHBP	4		X
Health			
		L	

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	2012	N/A	2008	01/01/05
Average percentage increase	4%	%	4.5%	<u>3.5</u> %
Last contract settlement date	01/01/08		01/01/05	
Contract expiration date	12/31/12		12/31/08	

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)				
Wage Freezes (describe below)				
Layoffs (describe below)				

<b>Application Year SFY 2</b>	013	Municip	ality:		County	/:		
D. Tax Enforcement Practic	ces:							
	Qı	uestion					Yes	No
1. Does the municipality us			program	?			<u>X</u>	
2. When was the last forecl	osure action tak	ten or tax	assignme	nt sale hel	d: Da		October	
3. On what dates were tax of	delinquency not	ices sent	out in 201	1:	Da		Dec,,Jan. .pril,May	/ & Jur
4. Date of last tax sale:					Dat	te:	6/22	/12
E. Specialized Service Del	ivery:							
If the answer to either q maintaining the service			e (as an ap	pendix) a	cost justification	of		
	_	rvice				Yes	No	
Sworn police or firefighter dispatch (in lieu of civiliar		ındle eme	rgency se	rvice call-	taking and		X	
The municipality provides		waste co	llection th	rough the	budget		X	
The municipanty provides	Tour jure berre							
F. Other Financial Practic	es							
1. Amount of inter	est on investme	ent earned	in:					
2011 \$31,926	2012:	\$30,874	1	Antic Appli	ipated cation Year:	\$30,8	374	
2. List the instrum	anta in which ic	lla fimde	are invest	ed.				
			T T T T T T T T T T T T T T T T T T T					
New Jersey Cash Managen		4.						
New Jersey Arbitrage Reba	ite Managemen							
Money Market								
			L					
3. What was the average	e return on inve	stments d	uring SF	Z 2012?			<u>.075</u>	%
4. When was the last tin updated?	ne fee schedules	s were rev	riewed an	d	2010			
5. The name and firm o	f the municipal	ity's audi	tor?		Donahue,Giro	nda &	<u>Doria</u>	
6. When was the last tin				ors?	2000			
G. Status of Collective Ne group, contract expirati	gotiation (Labo	or) Agreer	nents: Li	st each lab	oor agreement by bired contracts.	empl	oyee	
Employee Gro	up	Expira Da	1	Status	s of Negotiations Agreement		pired	
Union City Employees Ass	_	12/31/200	)8	In negotiatio	ons. This went to M		n in Mar	ch
					finding currently in	progres	ss. The C	itv

Has not reached an agreement. The city is negotiating for give backs, including the

Application Year SFY 2013	Municipality:	County:
		Elimination of terminal leave, caps on vacation and personal days, increase in group Insurance
		Co-pays, and no increase in salaries.

County:	
Municipality:	
Application Year SFY 2013	

App

County:	Wage costs: i.e., layoffs, furloughs, freezes, contract concessions, etc. ice for details)	Explanation of Change									
<i>Y</i> :	costs: i.e., layoff: details)	Application Year Proposed									
Municipality:	ry and Wage costs: i. ce Notice for details)	Prior Year Actual									
oplication Year SFY 2013	<ul><li>List actions that limited Salary and (See item C-3 in Local Finance Not</li></ul>	S&W Line Item									

Application Year SFY 2013	Municipality:	lity:	County:
IX-B. List actions that limited or reduced procurement efficiencies or restraint.	ted or reduced Othes or restraint. Inclu	er Expense co ıde changes ir	Other Expense costs: i.e., reductions, changes, or elimination of services, Include changes in spending policies that reduce non-essential spending.
Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
			Other expense items controllable by the City have been held flat as a result of the Mayor's written directives to limit purchases to essential items necessary to conduct city business. The Mayor
			Reviews purchase requisition requests prior to issuance of a purchase order.
		The state of the s	

County:	
Municipality:	
Application Year SFY 2013	

County:	
Municipality:	
Application Year SFY 2013	

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.

code.				
Local Revenues and services provided though the General/Current Fund	Check if services is provided	Are fees charged to cover 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	ΧI	No		Given the City population's economic status and high unemployment level, it is not feasible to charge fees for recreation and pools.  Imposition of user fees would preclude use by the population most in need of these services.
Sewer Fees		N/A		
Water Fees		N/A		
Swimming Pool	XD	No		See Above
Uniform Construction Code		Yes		
Uniform Fire Code	X	Yes		
Land Use Fees	XI O	Yes		
Parking Fees				The City's Parking Authority operates parking facilities and collects fees for usage.
Beach Fees				
Insert other local fees below:				

County:		
Municipality:		
Application Year SFY 2013		

County:	
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# X. Service Delivery

Service	Name of Contracted Entity	Estimated Amount of Contract	Year Last Negotiated (as applicable)
Fire Department	North Hudson Fire & Rescue Joint Meeting		2012
Rock Salt	County of Hudson Cooperative Purchasing		2012
Recreation Center	Union City Board of Education		2012
Solid Waste Removal	Union City Board of Education		2012
Gasoline	Union City Board of Education		2012
Swim Pool	Union City Board of Education		2012
Central Maintenance Facilities	Union City Board of Education		2012
Police Services	Union City Board of Education		2012
Electricity	County of Hudson Cooperative Purchasing		2012
Natural Gas	County of Passaic Cooperative Purchasing		2012
		esperant de de la constitución y esta de destación y esta de de destación y esta de de destación y esta de	

ounty:	A STATE OF THE PERSON NAMED OF THE PERSON NAME
Minicipality:	IT WALLET WATER J.
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# Section XI - Impact of Limited or No Aid Award

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 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 receive aid.

Rank Order	Department	# of Layoffs	Effective Date	2011 Full Time Staffing	2012 Full Time Staffing	\$ Amount to be Saved
	There is no funding source to cover the shortfall in revenue. Only minimal cuts could be made without affecting essential services.					
* Control of Control o						

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

Impact on Services			
Cost Savings			
Service			
Rank Order			

Application Year SFY 2013	Municipality:	Cour	nty:
XII. Agreement to Improve Financia	l Position of Municipality		
If aid is granted, the municipality will be oversight as authorized by law and a Me mark each box below indicating that the broad reporting and oversight provision	lemorandum of Understanding will nee e applicant understands, and agrees to	d to be	signed. Please
		Yes	No
1. Allow the Director of Local Gove financial, and operational specials	rnment Services to assign management, sts to assess your municipal operations.	X	
2. Implement actions directed by the Division staff.	Director to address the findings of	X	
3. Enter into a Memorandum of Und provisions, without exception.	erstanding and comply with all its	X	
XIII. Certification of Past Compliand Transitional Aid MOU:			
The undersigned certify that the municipal requirements of the 2012 MOU and is more have been identified, including, but not litermination of longevity pay for officers at termination of health benefits for part time required prior to hiring personnel and contains the contains	oving in good faith to correct those area of mited to, the following: establishment of and employees not contractually entitled to officers and employees; receipt of signantracting with professional service vendor	f noncor a pay to to longe ed appro	npliance that o play ordinanc vity pay;
Mayor:/MMM	MILON CONTRACTOR	_Date: _	
Chief Financial Officer:	phe Chill	_Date:	10/5/12
Chief Administrative Officer:		_Date: _	
XIV. CAMPS Certification (County a municipalities only)	and Municipal Personnel System - (	Civil Se	ervice

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 NJ "CAMPS".

Human Resources or Personnel Direq	tor:	Date:
Chief Financial Officer:	La chill	Date: 10/5/12

Application Year SFY 2013	Municipality:		County:
XV. CERTIFICATION OF APPLICATION			
The undersigned acknowledges the foregoing order to receive aid as outlined above. In electronic) of the budget documentation the governing body.  Mayor:	addition, included with	this application is a	provided to the
Chief Financial Officer:	It Coly	Date:	(6/3//2
Chief Administrative Officer:		Date:	



# City of Union City

Department of Public Safety 3715 Palisade Avenue Union City, New Jersey 07087

1.00 AL GOVT SERVICES (201) 348-5745/5755 2012 OCT 12 A II: 26 Fax: (201) 348-5728

PECEVED

TO:

Mr. Tom Neff, Director

FROM:

Mayor Brian Stack

DATE:

October 5, 2012

RE:

Memo for Transitional Aid

The City has a shortfall of \$4,793,000 in the FY12-13 budget.

The following are various reasons for the shortfall and the request for additional aid for FY12-13

- 1. The Mayor has no control over certain budgetary expenditures including:
  - a. Group Health Insurance which increased \$1,778,752
  - b. North Hudson regional Fire & rescue increased \$807,780
  - c. Debt service Increased \$905,876
  - d. Garbage removal increased \$240,000
- 2. Revenue losses include the following:
  - e. Emergency Medical Services revenue is down \$400,000
  - f. Library Surplus Revenue is down \$1,100,000
  - g. UEZ revenue is down \$1,300,000
- 3. In addition to the items mentioned above, funding from the UEZ that covered the salaries of two police officers and City litter cleanup are now being absorbed in the Current Fund budget.

The City has the highest unemployment rate in Hudson County (15% vs. 11.6% for Hudson County). The loss of Transitional Aid would create an unsustainable hardship on the City taxpayers. The extended downturn in the economy and high unemployment has affected homeowners and businesses alike. Homeowners face the possibility of foreclosure and businesses have and may bankruptcy.

Union City is a high density urban community with minimal space available for development. It is the most densely populated community in the state. As a consequence, the City is reliant on state aid and property taxes to fund its' budget which makes up about 85% of the City's total budget. The other 15% of the budget revenue is made up of other revenues and fees. These other revenues are reviewed annually and revised when appropriate. The City struggles with an ongoing structural budget deficit with no sure means of correction. The city continues its efforts to reduce expenditures.

Any further reductions will have a severe negative impact on the fiscal integrity of the City in providing public safety, health and basic municipal services.