

**Ratable Destruction Aid Program
Calendar Year 2016
Division of Local Government Services
Department of Community Affairs**

Background: The FY 2016 New Jersey State Appropriations Act, (P.L. 2015, c.63, approved June 26, 2015) established a limited program to provide short-term financial assistance to a municipality that is experiencing financial distress caused by the “destruction or loss of one or more related parcels of property owned by a single business entity, classified as commercial or industrial, which comprised the largest assessed valuation of any one or more line items of taxable property in a municipality....”

This program is continued in FY 2017. Successful applicants in 2016 will be awarded funding, subject to availability, in amounts necessary to generate revenue for the support of the municipality, school district, and county as though the destruction or loss of one or more related parcels of property had not occurred.

The document is the application for such funds. Please fill it out in its entirety, and submit it to the Division no later than April 8, 2016.

1. APPLICATION INFORMATION

Name of Municipality:	Nutley	County:	Essex
Contact Person:	Rosemary Costa	Title:	C.F.O.
Phone:	973-284-4961	Fax:	973-284-4907
		Email:	rcosta@nutleynj.org

2. PRIOR SUBMISSION AND DIVISION APPROVAL OF LOSSES.

In anticipation of this limited program being enacted as proposed in the Governor’s Budget Message, the Division sent the following notice to every Local Finance Officer on May, 1 2014;

In recognition of the disruption that substantial property destruction has on local budgets, the Governor has newly proposed as part of the State budget, that local governments can apply for financial assistance from the Division of Local Government Services under limited circumstances. To qualify, a municipality must initially provide to the Division of Local Government Services an analysis prepared or approved by its assessor that documents, by block and lot, that they have lost property tax ratables or PILOTs (on a single property or properties with common ownership) from the 2013 budget year to the 2014 budget year equivalent to at least 10% of the entire ratable base of the municipality. Such a loss must be either directly or indirectly attributable to a single event such as a natural disaster or a business relocation that resulted in the destruction of physical properties. The assistance is not available due to lost property values as a result of tax appeals, revaluations or reassessments. If you believe your municipality may be eligible for assistance, please send an email to DLGS@dca.nj.gov [with] an analysis prepared and signed by your assessor no later than May 15 that demonstrates the impact referenced above. Please include “Assessment Losses” in the subject heading. Staff from DLGS will respond to your email with next steps which will require a more formal application that is currently under development.

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Yes/No Did the applicant submit a report prepared by the assessor in a form substantially similar to the requirements of the May 1, 2014 Notice?

If "no", do not complete this application until the required assessor analysis has been separately prepared and sent for review by the Division.

If "yes" attach a copy of the assessor's report, together with a letter that you would have received from the Division indicating our findings as relates to the submission.

3. PROHIBITION AGAINST DUPLICATING BENEFITS

Yes/No Has your municipality already received compensation for the loss revenues due to the destruction of properties from any other source (i.e. an Essential Service Grant through the Community Development Block Grant Program?)

If "Yes" please explain the level of compensation and restrictions and conditions on use.

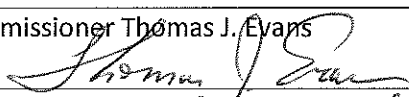
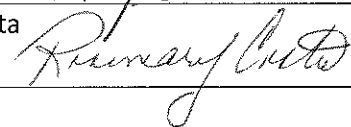
4. CONSENT TO DISCLOSURE AND MONITORING

Every successful applicant shall be required to submit by December 31, 2016: (a) a completed questionnaire in substantial form as reproduced such as Attachment A; (b) an updated report prepared by the assessor as to property destruction and ratable losses; and (c) a plan to expeditiously restore impacted ratables. Additionally, the Representatives of the municipality shall meet with the Division to discuss the submissions.

Yes/No Does your municipality agree to execute a grant agreement that requires the submission of the required material and meet with the Division to discuss same?

5. CERTIFICATION

The undersigned herewith certify that they have reviewed this application and assessor's report referenced herein, and find its contents to be accurate

Official	Signature	Date
Mayor/Chief Executive Officer	Mayor Alphonse Petracco	04/26/2016
Director of Revenue and Finance	Commissioner Thomas J. Evans 	04/26/2016
Chief Financial Officer	Rosemary Costa 	04/26/2016

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**ATTACHMENT A
FORM OF QUESTIONNAIRE
DIVISION OF LOCAL GOVERNMENT SERVICES**

FORM OF QUESTIONNAIRE FOR APPLICANTS SEEKING ASSISTANCE WITH RATABLE LOSSES, CY 2016

LOCAL GOVERNMENT: Nutley

I certify that the information provided on this form is correct to the best of my knowledge.

Signature of Chief Financial Officer: _____

Printed name of Chief Financial Officer: Rosemary Costa

Date: 04/26/2016

Identify all individuals who participated in the completion of this form:

- Commissioner Thomas J. Evans
- Alan Genitempo, Township of Attorney
- Rosemary Costa, Chief Financial Officer

1) Discuss personnel or revenue actions the applicant has taken to reduce the need for future assistance?

- The longevity program for non-union employees was suspended for new hires as of May 17, 2011.
- The longevity program for PBA and SOA, FMBA and SOA, and Teamster union employees has been suspended for new hires beginning 01/01/2013.
- Consolidation of the Water Billing Department under the Tax Collector's Office has allowed for the elimination of one supervisor's position and the reallocation of job duties among existing employees rather than hiring additional staff.
- The C.F.O. has assumed the duties of Purchasing Agent and Tax Collector rather than hiring replacements for retiring staff. Staff augmentation has been limited to entry level clerk positions.
- Previously full-time positions, the Tax Assessor and Traffic Safety Coordinator positions are now part-time position, with the associated reduced benefit costs.
- Role consolidation to conserve manpower has also been implemented, eg. Purchasing clerk and Treasury clerk were reduced to part-time status and combined into one full-time position.
- Per Diem/Seasonal help is being used to meet seasonal demand in place of permanent employees.
- Firefighters that have been hired, continue to be funded by the receipt of a SAFER Grant.

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- Staffing requirements continually monitored. Part-time employees fill positions previously staffed by full-time staff, when practical.
- Collective Bargaining Agreements negotiated to meet 2% Cap requirements.
- All collective bargaining agreements expire December 31, 2016.
- Town wide full-time headcount remains at 2007 levels. Manpower needs are being filled on a part-time or hourly basis as a first option.

A. Explain personnel actions including layoffs, furloughs, attrition, concessions, ect.

- Attrition and consolidation have enabled the Dept. of Revenue and Finance to reallocate/redistribute job duties among remaining employees. Replacements have been limited to entry level clerk duties. These measures have also been employed in other departments as well.
- Seasonal, part-time, and temporary employees have replaced full-time employees where practicable.
- Assigning the General Supervisor of the Parks Department the responsibilities of shade tree supervisor which was vacated by retirement. Outsourcing/contracting for services previously performed by employees has also provided ongoing cost savings.
- Deferral of filling open positions when such positions could be funded by a grant when available.
- Concessions have resulted in suspension of the longevity program for new hire union employees.
- Concessions have resulted in additional steps being added to the ranges of police officer and firefighter, as well as for police and fire ranking officers.
- Salary Range of Chief and Deputy Police Chief have been reduced.
- Capping of Sick Day Payout for PBA and FMBA thru Sick Day Bank Provision capping payout for new hires at \$15,000.
- Construction Code Staff supplemented by P/T Building, Plumbing and Electrical Inspectors to meet "seasonal" demands.
- P/T Construction Code Official (\$15K) supported by F/T Zoning Official who is also a licensed Construction Code Official.

B. Explain procurement efforts including rebidding services, energy, etc.

- When bid prices are higher than projected or more than funding available, the township will reject and then rebid. After third time, we will negotiate price.
- RFP/RFQ/Competitive Contracting process is used where appropriate to allow for best pricing to be obtained.
- Membership in Various National and County Co-Ops and State Contracts to obtain most favorable pricing without costs associated with bidding process, whenever practicable.
- Shared Service Agreements/Commodity Resale System with the Board of Education for Physician Services, Nursing Services, Gasoline System, Fiber Optic Installation

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- Project/Internet Services, and Bulk/Solid Waste Removal to manage/reduce costs for both entities.
- Purchasing Department does price checking to ensure we are receiving the best price including against state contract pricing to ensure that we are able to manage costs more efficiently.
- Shared Service Agreements with Township of Montclair for Health Officer, Animal Control, and Public Health Nursing.
- Participation in the SEM, a reverse auction for both gas and electric.
- Centralized Grant Writer (Millennium Strategies) for all township departments.
- Rescue Squad utilizes our gasoline system in order to realize cost savings and in turn, reimburses us for the cost of gas.
- Rescue Squad is now a self-sustaining entity funded by contributions and third-party billing. The Township no longer bears the responsibility for vehicle and equipment purchases.

C. Explain service restraint including the elimination or curtailment of nonessential services.

- The Township has been focusing on cost containment and affordability for many years. To that end, most non-essential services have already been eliminated. Our recreation programs are funded by user fees. Other user fees will be charged when permitted by law and deemed appropriate.
- Volunteer Services are used when available.
- Once funded primarily by the municipal budget, the Nutley Volunteer and Rescue Squad is now funded by donations, bequests, and insurance billing reimbursements. The current municipal appropriation is currently used for purchases to provide access to our pricing that helps them to realize cost savings. We are also reimbursed for their gasoline consumption to minimize the cost to our taxpayers. This new revenue stream provides funding for capital expenditure which were formerly funded by the township.

D. Explain efforts at increasing revenue, including adjusting fees to reflect the cost of services such as water, sewer, and recreation.

- Water Rates are reviewed annually and adjusted as needed.
- Liquor License Fees are reviewed annually and adjusted as needed.
- Where permitted by statute, fees are charged for services, i.e. returned check fees, tax office services, etc.
- Expansion of our recycling program which has provided for increased revenues when possible.
- Recreation Fees are reviewed and set so while still affordable to our residents, the programs are self-sustaining.
- Construction Code Fees are reviewed and remain competitive with neighboring municipalities.
- Merchant Service Fees are paid on a convenience fee structure.

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2) Disclosures.

A. Attach a copy of all collective bargaining agreements and individual employment agreements.

See attached signed CBA's and MOA's.

B. Attach a copy of compensation of all officer and employee payroll: including name, annual salary, department, division, and title.

See attached.

3) Have pay increases been awarded in the current year to employees who are not contractually entitled to them? If yes, please attach the names, positions, and the increase in gross dollars and as a percentage of the base salary:

See attached.

4) Do elected officials receive compensation? The term "compensation" shall include, but is not limited to, salary, stipends, bonuses or health benefits/payments in lieu of benefits. If yes, fully disclose their annual compensation?

- Mayor.... \$2700.00 annually.
- Commissioners.....\$2250.00 annually.

5) Who is the current health benefit provider, and what is the current total cost of your benefits?

- NJ State Health Benefits Program
- Gross Cost \$8,476,683.00
- Less:
 - Premium Reimbursements Employees and Public Library: \$1,112,283.00
- Net Cost \$7,361,400.00

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(a) If the municipality is not a member of the State Health Benefits Program (SHBP), are the benefits cheaper than or equal to what SHBP coverage would cost the municipality?

N/A

(b) If you are not using the SHBP, do you have a broker?

N/A

(c) If yes, did you procure the services of that broker through an ordinance modeled on The Citizens Campaign "Best Price Insurance Contracting" ordinance available at:

http://www.scribd.com/embeds/167448571/content?start_page=1&view_mode=slideshow?

N/A

(d) If you are not using the SHBP and you have a broker, explain how the broker is paid. If it is a flat fee, please provide the fee amount. If the broker receives a commission, please provide the commission amount.

N/A

6) Does the applicant provide vehicles for its local government officers or employees? If yes, please list the position(s) entitles to this privilege and the make, model and year of the vehicle(s). If the applicant has a motor pool, please state all positions authorized to utilize the motor pool.

- General Supervisor, Parks-2013 Ford Explorer
- Recreation Director, 2014 Dodge Durango
- Public Affairs Vehicles for Official Use Only-Unassigned: 2013 Silver Ford Focus; 2005 Dodge Durango
- Superintendent of Public Works-2008 GMC Yukon

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7) Does the applicant fund catering of events or meals for personnel? If yes, please provide a description of any such expenses funded by the applicant in the preceding twenty-four (24) months.

N/A

8) Does the applicant pay for, or otherwise reimburse, out-of-State travel or any hotel stays – regardless if out-of-state? If yes, please provide a description of any such expenses funded by the applicant in the previous twenty-four (24) months.

N/A

9) Please list all existing shared services agreements the applicant has in place.

Gasoline Pumps, Physician Services, Public Health Nurses Services, Animal Control, Health Officer, Fiber Optic Internet Connection/Services for both School and Library, Bulk/Solid Waste Removal, Payroll Preparation and Grounds Maintenance for Library.

10) Please list all shared services agreements the applicant is currently actively pursuing.

The Township continues to expand the scope of existing agreements as well all opportunities for new shared services agreement that may present themselves.

11) Has the applicant reviewed all of its employees to ensure that they are not required to be paid as vendors? (i.e., an employee who might serve as a partner at law or engineering firm and that current law prohibits from being enrolled in the pension system? See Pages 18-19 of the July 17, 2012 State Comptroller report.)

Yes. The Township was audited in 2013 by the IRS and they determined that many of our “vendors” met their definition of “employee” and must be paid through our payroll; such as referees, sports officials, substitute attorneys and judges, transcribers.

a. Has the applicant removed all lawyers, engineers and other professionals who work for an outside firm from their status as pensionable employees?

The Township has sought the guidance of the Division of Pensions on several occasions regarding our Township Attorney, Assistant Township Attorney, Planning/Zoning Board Attorneys, Prosecutor, and Public Defender. We were instructed that those mentioned above hired before June, 2007 were to remain members of the pension system. Those hired after that date were to be enrolled in DCRP. We have followed their instructions.

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12) Provide a list of attorneys, advisors, consultants, and any other person, firm, business, partnership, corporation, or other organization which received any remuneration of \$17,500 or more during the preceding fiscal year for any service whatsoever rendered to the applicant.

See attached

13) Explain any other local actions in the current year that are designed to obviate or reduce the need to issue debt or to seek approval for this application?

- The Township continues its capital projects program which prioritizes capital projects and limits debt authorized annually to \$1.2-\$1.4 million to manage the impact of debt service on our budget. We have been able to supplement our road improvement program with funding from the Transportation Trust Fund. This enables us to expand our road improvement program without impacting our taxpayers. Our current outstanding debt is \$15.5 million at an average interest rate of 2.67% financed over ten years. In January, 2016, we sold BAN's in the amount of \$8,470,000 at the rate of 2.5% with a net interest cost of .734%.
- The Township engages the services of a grant writer to maximize our ability to apply for and receive grant funding to relieve the pressure on our municipal budget and lessen the tax burden enabling us to take advantage of opportunities we might not otherwise be able to.
- The Township continues to focus its efforts on the redevelopment of the Hoffman La Roche campus. At the present time, Roche continues negotiations with a buyer and lessee who will establish a medical school, research facility on the campus. HUMC and Seton Hall University have announced their plans to start a four-year medical school on this campus in 2018. The long-term taxable status of a portion of this property remains an open question. The medical school campus will occupy approximately 8 acres of the Nutley portion of the site (about 55 acres in total) initially as a lease transaction with an option to purchase. P.I.L.O.T negotiations are currently underway. In 2014 and 2015, the ratable base was reduced \$192 million, or a loss of over \$6.2 million. The new use for the medical school will result in further revenue losses of \$900,000. For 2016, we are anticipating a remaining loss in assessment due to Highest and Best Use of \$61 million for the remainder of the site. We expect more clarity later this year for the future of this property. We have been advised that Hoffmann La Roche filed a tax appeal on 04/01/2016.
- Negotiations with a potential buyer, as noted above, are ongoing. While the medical school will provide any excellent opportunity to re-brand the site, it does have risks over the next several years. We understand that the start-up phase over the next several years will generate losses in excess of \$100 million. The lease term provides a tax ratable opportunity in the shorter term at a significantly lower highest and best use assessment. The option to purchase the property heightens our longer term risks. We are fully engaged and monitoring the situation to hopefully mitigate our risks.

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- The ultimate conversion of the remainder of the site remains an open question at this time. We have been advised that further P.I.L.O.T negotiations are expected with the buyer, and the return to a fully functioning property will take 7-10 years. We are happy to provide regular updates as you may require.