

Transitional Aid Application for Fiscal Year 2017
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by November 4, 2016 for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2016-16 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 7.

Name of Municipality:		City of Union City		County:	Hudson
Contact Person:		Susan M. Colditz		Title:	Acting CFO
Phone:	201-348-5846	Fax:	201-348-0639	E-mail:	scolditz@ucnj.com

I. Aid History

List amount of Transitional Aid received for the last three years, if any:

SFY 2016	SFY 2015	SFY 2014
\$17,800,000	\$17,900,000	\$18,000,000

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:	\$8,700,000
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2015-19.

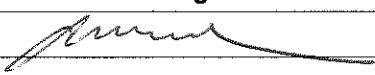
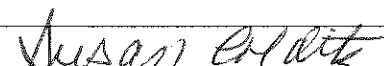
III. Submission Requirements

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
2016 Annual Financial Statement	August, 2016
2015 Annual Audit	April, 2016
2015 Corrective Action Plan	April, 2016
Application Year Introduced Budget	September, 2016
Budget Documentation Submitted to Governing Body	September, 2016

IV. Application Certification

The undersigned herewith certify that they he or she has reviewed this application and, to his or her knowledge, believe the 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		11/4/16
Governing Body Presiding Officer		
Chief Financial Officer		11/4/16

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 not raised, how it would substantially jeopardize the fiscal integrity of the municipality.

The City of Union City has the highest population density of any municipality in the State of New Jersey and the unemployment rates are the highest in Hudson County and the median family income is slightly over \$40,000. The City faces difficulties that directly impact rates not unlike its other urban counterparts in the Transitional Aid Program.

The City is reliant on State aid, local taxes and other fees to balance its budget. While the City is constantly reviewing ways to reduce expenditures and increase revenues, where appropriate, any further reductions in aid could have a severe negative impact on the fiscal integrity of the City. Reductions in aid would cause extreme cutbacks in municipal services and limit the City's ability to protect the public's safety, health and welfare.

The City, through attrition, has hired professional staff to oversee operations, restructure departments to eliminate inefficiencies and identify areas to increase revenue. The City is working diligently to find ways to reduce costs and increase revenue; however, it takes time to realize the effects of the changes being implemented. Fortunately, the City has hired a full-time Chief Financial Officer and updated the financial software to institute structural changes and stronger internal controls. Over time, the City's financial condition has improved and will continue to improve going forward.

The Mayor has made significant efforts to control costs by eliminating personnel through attrition, cross-training personnel and eliminating unnecessary job functions. The Mayor, however, recognizes that his control is limited when it comes to certain budgetary increases such as health insurance increases and collective bargaining increases. With that said, the City is currently reviewing both health and labor contracts to identify further cost savings.

The City has worked hard to identify and effectuate reductions in expenditures and as a result has reduced its SFY2015 request for Transitional Aid by \$100,000 and reduced its SFY2016 request by another \$100,000. The City is committed to continuing to work with the Division of Local Government Services to ascertain further opportunities for reductions in expenditures and improve the municipality's financial outlook.

Application Year: SFY 2017	Municipality:	County:
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V-B. Demonstration of Revenue Loss/Substantial Cost Increase

Show: (1) specific, extraordinary revenue losses, but not as the aggregate of many revenue line items; and (2) specific, extraordinary increases in appropriations, but not as the aggregate of many appropriation line items. 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	2016 Value	2017 Value	Amount of Loss/Increase
Description:			
		N/A	
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. (Items included in a Transition Plan submitted by a current recipient need not be repeated here.)

The City has implemented policies to combine job duties and to eliminate the replacement of employees who retire, resign or are otherwise terminated, with the exception of positions essential to conduct City business. Employees have increased their job responsibilities and job titles have been combined where appropriate to further accommodate staff reductions. When employees must be replaced, newly hired, employees start at the entry level, or substantially less than the employee they have replaced. When possible and applicable, the City hires part-time employees to save on benefit costs. This policy has enabled the City to reduce full-time budgeted positions from 442 in FY2004 to 372 in FY2015 and represents a cost savings to the City in the health benefits appropriation.

The City has and will continue to aggressively seek grant funding to offset budgetary expenditures.

The City has and will continue to award contracts for essential services; (i.e. solid waste removal, recycling and container services) in the most cost effective and efficient manner possible so as to achieve cost savings to the City over a period of time. The City is trying to join other municipalities to obtain shared contracts for these services. During FY 2012 the City entered into a cooperative purchasing agreement for electricity with the County of Hudson with a projected savings of 5%.

The City is currently reviewing all collective bargaining agreements to identify additional cost savings. Additionally, as phase two of Chapter 78 has recently been implemented, the City has offered a lower cost health insurance plan to municipal employees in an effort to help them reduce their own contribution cost as well as assist the City in reducing its premium cost. The City is currently reviewing other options, including, but not limited to, self-insurance as a means to identify further savings.

The City implemented a new accounting software system. This new system is allowing for stricter costs controls and creates a centralized purchasing system. This allows the City to maintain better internal controls on finance and procurement.

The City is working with the Division of Local Government Services to identify organizational changes that may result in cost savings. Union City will continue to work with the Division of Local Government Services to make every effort to control appropriations and reduce expenditures.

V-D. Discussion of Health Benefits

Skip this section if using SHBP. If not using SHBP, explain why the health benefit plan being used is cheaper, or what reasons exist for failing to move to SHBP. Additionally, list all brokers (primary broker, all co-brokers, and sub-brokers) together with their compensation for the current and prior two fiscal years. Compensation must be disclosed in this section whether provided directly by the municipality or as a commission from the insurance provider. It is the municipality's right, and obligation, to determine whether the broker is compensated with commission in order to fully complete this section. If commissions are being earned, provide both how the commission is calculated (percentage of premium or self-insurance) and the actual \$ value of the commission received in each year.

The City's health benefits plan is privately insured through Horizon BCBS. The health plans are collectively bargained and negotiated benefits. The City is in the final year of a three year agreement. SHBP represents a diminution of the contractually negotiated benefits in place.

The City's health plans are annually marketed; however, the City is contractually obligated to provide benefits equal to current negotiated benefit levels.

Effective July 1, 2016 the City moved to a self-funded platform to help reduce costs. The City has provided, and continues to make available, new lower cost options for employees to consider, including the implementation of the Horizon OMNIA plan.

The City of Union City engages Reliance Insurance Group through a competitive Request for Proposal process for the City's medical benefits. Their services include bi-lingual, full-time, on-site staffing and provide full service for all aspects of the insurance program. They are compensated as a broker, with health commission paid through the insurance provider. Paid compensation is as follows:

Fiscal Year 2016, \$288,660
Fiscal Year 2015, \$281,997
Fiscal Year 2014, \$334,691

Commissions for FY 2016 approximate 1.95% of premium and total \$288,660. With the move to self-insurance, the broker compensation will still be \$288,660 annualized for medical benefits and will be paid as a percentage of stop loss premium and a per contract per month Horizon TPA fee.

Commissions for FY 2015 are calculated at 2.00% of the Horizon premium and totaled \$281,997. Commissions for FY 2014 were 2.35% of the Horizon premium and totaled \$334,691.

VI. Historical Fiscal Statistics

Item	2015	2016	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$4.437	\$4.535	\$4.535
Municipal Purposes tax levy	\$65,853,795	\$67,012,320	\$67,512,320
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$109,290,609	\$113,912,973	\$114,264,831

2. Cash Status Information			
% Of current taxes collected	99.73%	99.70%	%
% Used in computation of reserve	98.55%	98.63%	98.84%
Reserve for uncollected taxes	\$1,429,464	\$1,352,427	\$1,178,053
Total year end cash surplus	\$0	\$0	
Total non-cash surplus	\$6,532,776	\$10,610,719	
Year end deferred charges	\$3,268,720	\$4,544,114	

3. Assessment Data			
Assessed value (as of 7/1)	\$1,477,790,833	\$1,478,136,125	\$1,478,136,125
Average Residential Assessment	\$117,000	\$116,000	\$116,000
Number of tax appeals granted	0	0	
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	149	195	202
Total S&W Expenditures	\$18,873,616	\$19,184,107	\$19,665,000
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$0	\$0	\$0
All Other Employees - Staff Number	615	684	632
Total S&W Expenditures	\$14,240,549	\$16,279,328	\$15,488,277

5. Impact of Proposed Tax Levy			Amount
Current Year Taxable Value			\$1,478,136,125
Introduced Tax Levy			\$67,512,330
Proposed Municipal Tax Rate	\$4.535	Average Res. Value (#4 above)	\$116,000
Current Year Taxes on Average Residential Value (#4 above)			\$5,260.60
Prior Year Taxes on Average Residential Value			\$5,221.16
Proposed Increase in average residential taxes			\$39.44

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment 1991

B. Proposed Budget – Appropriation 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	3.5%	
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
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
Deferred Charges & Statutory Expenditures	\$8,400,403	\$9,352,618	\$952,215
Workers Compensation	\$1,601,510	\$2,350,000	\$748,490
Debt Service	\$8,798,852	\$9,401,075	\$602,223
Health Insurance	\$16,837,973	\$17,227,967	\$389,994
Police OE	\$548,051	\$700,000	\$151,949

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

Department/Agency	Position	Number	Dollar Amount

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	\$68,000,000	\$43,400,000	\$8,600,000	\$35,586,000	\$70,100,000
Second year	\$68,500,000	\$43,500,000	\$8,500,000	\$36,300,000	\$71,100,000
Third year	\$69,000,000	\$43,600,000	\$8,400,000	\$37,026,000	\$72,100,000

Application Year: SFY 2017	Municipality:	County:
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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 not, be prepared to discuss why not in your application meeting.		

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	2016	N/A	2015	Varies
Average percentage increase	1.5%	N/A%	1.5%	Varies
Last contract settlement date	12/31/2012	N/A	12/31/2009	
Contract expiration date	12/31/2018	N/A	12/31/2015	

2) Explain, if any, actions that have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)	N/A	N/A	N/A	N/A
Wage Freezes (describe below)	N/A	N/A	N/A	N/A
Layoffs (describe below)	N/A	N/A	N/A	N/A

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D. Tax Enforcement Practices:

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by June 30, if included in 2016 budget? If not, please include a letter from the tax collector explaining why he/she failed to complete the sale in a timely manner and what the impacts were on cash flow and lost investment earnings.	X	
2. When was the last foreclosure action taken or tax assignment sale held: Date:	October, 2005	
3. On what dates were tax delinquency notices sent out in 2015: Date: January, 2016; March, 2016; April, 2016; May, 2016 and June, 2016		
4. Date of last tax sale: Date:	June 17, 2016	

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:

2015	\$42,179	2016	\$34,596	Anticipated Application Year:	\$34,955
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2. List the instruments in which idle funds are invested:

NJ Cash Management	
NJ Arbitrage Rebate Management	

3. What was the average return on investments during SFY2016?

4. Left Blank Intentionally

5. The name and firm of the municipality's auditor?

6. When was the last time the municipality changed auditors?

.20%
Donohue, Gironda, Doria & Tomkins
2000

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
Union City Employees Association	12/31/2015	In negotiations

H. Tax Abatements. Please provide a detailed discussion of any short-term or long-term tax abatements that are currently in place or are currently being negotiated including the following information:

Project Name/Property	Type of Project	2016 PILOT Billing	2016 Assessed Value	2016 Taxes If Billed in Full at 2015 Total Tax Rate	Term of Tax Abatement
Horizon Heights	Affordable Rental Units	\$13,245.20	\$4,447,100	\$306,45.19	50 Years
Palisade Urban Renewal	Low Income	\$34,826.60	\$2,079,000	\$143,243.10	30 Years
Serv	Supportive Housing	\$4,070.00	\$475,000	\$32,727.50	30 Years
UC Renaissance Urban Renewal	Low/Moderate Income	\$10,897.47	\$850,000	\$58,565.00	30 Years
Union Plaza	Moderate Housing	\$278,065.10	\$17,695,900	\$1,219,226.84	40 Years
Holy Rosary Senior Res.	Senior Housing	\$29,728.20	\$3,987,200	\$274,718.08	30 Years
Suede Promotions	Low Income	\$20,000	\$1,716,800	\$118,287.52	30 Years
Monastery Redevelopment	Low/Moderate Income	\$10,271.56	\$4,888,800	\$336,838.22	50 Years

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.

Local Revenues and services provided through 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 type="checkbox"/>	No		Given the City's population's economic status and the 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	<input type="checkbox"/>	N/A	N/A	N/A
Water Fees	<input type="checkbox"/>	N/A	N/A	N/A
Swimming Pool	<input type="checkbox"/>	No		See above
Uniform Construction Code	<input type="checkbox"/>	Yes		
Uniform Fire Code	<input type="checkbox"/>	Yes		
Land Use Fees	<input type="checkbox"/>	Yes		
Parking Fees	<input type="checkbox"/>	No		The City of Union City Parking Authority operates parking facilities and collects fees for usage.
Beach Fees	<input type="checkbox"/>	N/A	N/A	N/A
Insert other local fees below:	<input type="checkbox"/>	N/A	N/A	N/A

X. Service Delivery

List all services that the municipality contracts to another organization: i.e., shared services with another government agency, including formal and informal shared services, memberships in cooperative purchasing program, private (commercial), or non-profit organization.

Service	Name of Contracted Entity	Estimated Amount of Contract	Year Last Negotiated (as applicable)
Fire Department	North Hudson Fire & Rescue Joint Meeting	\$18,000,000	2013
Off Duty Police Officers	Union City Board of Education	\$100,000	2016
Recreation Center	Union City Board of Education	\$325,000	2015
Solid Waste Removal	Union City Board of Education	\$360,000	2015
Swim Pool	Union City Board of Education	\$136,000	2013
Snow Removal	Union City Board of Education	\$100,000	2013
Police Service	Union City Board of Education	\$655,000	2016
Crossing Guards	Union City Board of Education	\$1,200,000	2016
Electricity	County of Hudson Cooperative Purchasing	N/A	2015
Rock Salt	County of Hudson Cooperative Purchasing	\$75/ton	2015
Natural Gas	County of Passaic Cooperative Purchasing	N/A	2015

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Section XI – Impact of Limited or No Aid Award

Describe in complete detail the impact if aid is not granted for the current fiscal year; **this priority setting requires that the municipality will maintain a minimum level of essential services.** List the appropriate category of impact if the aid is not received. Rank each item from both lists as to the order in which elimination will take place. If across the board cuts will be made, indicate under service. **For rank order purposes, consider the two sections as one list. The cuts outlined here are one that the municipality is committing to make if they do not receive aid.**

Rank Order	Department	# of Layoffs	Effective Date	2015 Full Time Staffing	2016 Full Time Staffing	\$ Amount to be Saved
	There is no funding source available to cover the shortfall in revenue. Only minimal cuts could be made without affecting essential services.					

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

Rank Order	Service	Cost Savings	Impact on Services

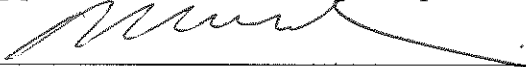
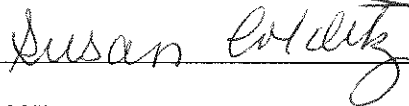
XII. Agreement to Improve Financial Position of Municipality

If aid is granted, the municipality will be required to submit to certain reporting conditions and oversight as authorized by law and a new 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 new Memorandum of Understanding and comply with all its provisions, without exception.	X	

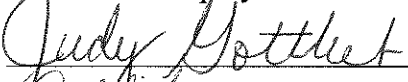
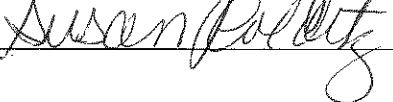
XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality is in substantial compliance with the conditions and requirements of the 2016 MOU and is moving in good faith to correct those areas of noncompliance that have been identified, including, but not limited to, the following: establishment of a pay to play ordinance; termination of longevity pay for officers and employees not contractually entitled to longevity pay; termination of health benefits for part time officers and employees; receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors.

Mayor:  Date: 11/4/16
 Chief Financial Officer:  Date: 11/4/16
 Chief Administrative Officer: _____ Date: _____

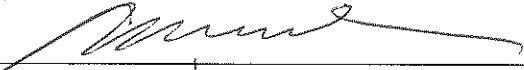
XIV. CAMPS Certification (County and Municipal Personnel System - Civil Service municipalities only)

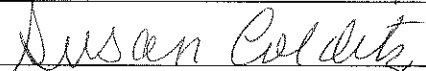
For Civil Service municipalities, the undersigned, being knowledgeable thereof, hereby certify that the municipality has placed the names of all current civil service employees in NJ "CAMPS".

Human Resources or Personnel Director:  Date: 11/4/16
 Chief Financial Officer:  Date: 11/4/16

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:  Date: 11/4/16

Chief Financial Officer:  Date: 11/4/16

Chief Administrative Officer: _____ Date: _____