

**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.

<b>Name of Municipality:</b> Hillside		<b>County:</b> County	
<b>Contact Person:</b> Joseph Menza		<b>Title:</b> Mayor	
<b>Phone:</b> 973-699-0222	<b>Fax:</b> 973-926-1871	<b>E-mail:</b> mayormenza@msn.com	
<b>Population:</b> 21,747			

**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
\$900,000	\$0	\$700,000

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>3,100.000</b>
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*An aid request does not constitute guarantee of receipt of any funds.*

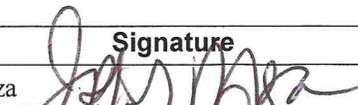
**III. Submission Requirements**

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	8/5/10
Previous Year Annual Audit	2/4/10
Previous Year Audit Corrective Action Plan	9/7/10
Application Year Introduced Budget	9/28/10
Budget documentation submitted to governing body	9/22/10

**IV. Application Certification**

The undersigned herewith certify that they have reviewed this application and, to the best of their ability, find its contents to be true and that it accurately portrays the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer	Joseph Menza 	9/29/2010
Governing Body Presiding Officer	Frank Deo 	9/29/10
Chief Financial Officer	Marie Pardo 	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)

See Attached

**V-B Alternate Eligibility Calculation (Received Extraordinary Aid we Qualified)**

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).

<b>Part 1 – Eligibility of Value Loss</b>	<b>Current Year County Equalization Table County Apportionment</b> (a)	<b>Prior Year Director’s Table Equalized Value</b> (b)	<b>Decrease</b> (c)
<b>Equalized Value Reduction</b>			
<b>Percent of loss from prior year (c) divided by (b) as percent:</b>			
<b>If this exceeds 2%, stop and proceed to the next page.</b>			

**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.

<b>Revenue or Appropriation</b>	<b>Prior Year Value</b>	<b>Current Year Value</b>	<b>Amount of Loss/Increase</b>
<b>Description:</b>			

**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.

**Mayors Introduced budget**

**See Layoff Plan (70% savings in June 30, 2011) 30% more next year will be realized in in SFY June 30, 2012**

**Unemployment will stop after 99 weeks as well as when people find employment.**

**Sick time buyouts are one shot due that won't be recurring.**

**Trying to get multiple quotes for Health Insurance to reduce \$ 7,819,100 original budgeted numbers form Health consultant without the need for the unions consent.**

**Seeking Electronic payroll scanners and modernize the payroll process, to establish internal controls and reduce payroll costs through the use of electronic timesheets.**

**Reduce the Construction officials to a part time position, saving salaries, benefits and pension and current amending the fees to levels other municipalities in the county are charging.**

**July 1, 2012 union contracts expire and 1.5% would be required.**

**Pool all Secretaries in township to be shared as need.**

**Phone Service to audit system and saving approximately 24k a year.**

**Welfare being moved to county. Save administrative cost and eliminate the salary of the director.**

**Six high level police officers eliminated through attrition not being replaces. I high level Deputy Fire retired and will not be replace through attrition. Hopefully more retirements projected over the next few years.**

**Restructuring all Departments table of Organization attached**

**The Council Union concession Budget**

**1.5% health contribution beginning on 11/1/10 (Estimated Savings (\$180K)**

**State health Plan (Estimated Savings 1.6 million)**

**Salary Freeze (Estimated 600K) Deferral to be paid in June 30, 2012.**

**Council budget we have not been provided with a way to reduce reliance on aid.**

## VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
<b>1. Property Tax/Budget Information</b>			
Municipal tax rate	2.887	2.965	Not Sure
Municipal Purposes tax levy	\$26,466,266.87	\$26,079,276.71	\$28,994,416.00
Municipal Open Space tax levy	\$	\$	\$
Total general appropriations	\$40,380,406.65	\$42,554,128.27	\$41,242.865.00
<b>3. Cash Status Information</b>			
% Of current taxes collected	94.92%	94.86%	%
% Used in computation of reserve	94.85%	94.64%	Not Sure%
Reserve for uncollected taxes	\$3,073,000.00	\$3,300,000.00	\$3,319,000.00
Total year end cash surplus	\$976,427.14	\$1,576,030.67	
Total non-cash surplus	\$179,249.63	\$1,000,092.57	
Year end deferred charges	\$9,208.00	\$825,000.00	
<b>4. Assessment Data</b>			
Assessed value (as of 7/1)	\$915,065,944.00	\$910,155,744.00	\$915,646,090
Average Residential Assessment	\$120,673.00	\$	\$124,064.000
Number of tax appeals granted	2		
Amount budgeted for tax appeals	\$	\$	\$
Refunding bonds for tax appeals	\$	\$	\$
<b>5. Full time Staffing Levels</b>			
Uniformed Police - Staff Number	72	72	70
Total S&W Expenditures	\$7,455,493.99	\$7,815,306.88	\$7,782,281.00
Uniformed Fire - Staff Number	43	43	47
Total S&W Expenditures	\$5,128,710.21	\$5,261,213.58	\$4,845,303.00
All Other Employees - Staff Number	150	150	150
Total S&W Expenditures	\$5,739,375.04	\$4,622,301.99	\$4,649,197.00
<b>6. Impact of Proposed Tax Levy</b>			
			<b>Amount</b>
Current Year Taxable Value			
Introduced Tax Levy			28,894,416
Proposed Municipal Tax Rate	3.07	Average Res. Value ( #4 above)	130.02
Current Year Taxes on Average Residential Value (#4 above)			124,064
Prior Year Taxes on Average Residential Value			
Proposed Increase in average residential taxes			3.571

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment

1998
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B. Proposed Budget – Appropriation and Levy Cap Information

- | Item  | Yes | No |
|---|-----|----|
| 1. Was an appropriation cap index rate ordinance adopted last year?<br>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?<br>If NO, amount of remaining balance       |     | x  |
| 4. Does the Application Year anticipate use of a waiver to exceed the<br>levy cap?<br>If YES, amount: | x   |    |

	x	
3.5%		
\$		
\$1,906,229		x
\$1,906,229	x	

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
See budgets			

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
<b>First year</b>					
<b>Second year</b>					
<b>Third year</b>					

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 Cigna (Trying to Convert to State Health Plan)	<b>SHBP</b>		x
	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	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
Average percentage increase	4%	4%	4%	4%
Last contract settlement date	<b>7/1/07</b>	<b>7/1/07</b>	<b>7/1/07</b>	
Contract expiration date	<b>6/30/2012</b>	<b>6/30/2012</b>	<b>6/30/2012</b>	

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)				
None The mayor has continually asked for 12 furlough days of non-essential services.				
Wage Freezes (describe below)				
No written agreement proposal to defer raises for 8 months and SFY 2012 will be 4.5% and extending the contract to June 30, 2013 and 4.75% increase that is currently being negotiated.				
Layoffs (describe below)				

D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?		x
2. When was the last foreclosure action taken or tax assignment sale held: <span style="float:right">Date:</span>	March 2004	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float:right">Date:</span>	8/7/2009	
4. Date of last tax sale: <span style="float:right">Date:</span>		

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)	Will be Provide	
The municipality provides rear-yard solid waste collection through the budget	Will be Provided	

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$81,763.74	Last Year:	\$45,000	Anticipated Application Year:	\$10,000
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2. List the instruments in which idle funds are invested:

Interest Bearing checking accounts	
NJ Cash Management	

3. What was the average return on investments during CY 2009?

	.5%
4. When was the last time fee schedules were reviewed and updated?	SFY 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
See Two Attached Binders	6/30/2012	Unless the Memorandum of Understand
		Which is purposing to extend to June 30, 2013

**IX-A. Demonstrated reductions or actions that limited otherwise ordinary increases in Salary and Wage costs.**

**(See item B-4 in Local Finance Notice 2010-14 for details)**

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Moving the Welfare to County			Director position eliminated
Lay off 5 Police			4 police funded by UEZ Grant funding
Layoff 12 Fire Fighters			
Layoff 11 Public Works			4 were funded by UEZ Grant funding's (clean team)
Layoff 22 Clerical			Add: \$ 400, 000 salary adjustment sheet 17 to bring back clerical needs after layoff
Reduced Overtime			50%
Lost Due to No tool kit			The Cost of Not having the necessary layoff tools cost a savings of approximately \$ 700 thousand and required more layoff
Froze Salaries and Promotions			Have not hired or installed position since becoming Mayor July 1, 2001
Cut Senior Library Position			
Memorandum Understanding			<b>See Attached Still negotiating</b>





### 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)
<b>Morris County Cooperative Service</b>	<b>Supplies</b>		
<b>Union County Cooperative Services</b>	<b>Supplies</b>		
<b>Union County Improvement Authority</b>	<b>Lease Purchase &amp; Capital Improvements</b>		
<b>JT Meeting of Essex &amp; Union County</b>	<b>Waste Water Treatment</b>		
<b>University of Medicine and Dentistry</b>	<b>Heavy Equip, Vehicle Sharing</b>		
<b>Garbage Collection</b>	<b>Private</b>		
<b>Recycling Services</b>	<b>Private</b>		
<b>Animal Control Services</b>	<b>Private</b>		
<b>Computer Services</b>	<b>Private</b>		

Rank Order	Service	Cost Savings	Impact on Services

**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 Saved
	<b>More Layoffs Large Tax Increase</b>					

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

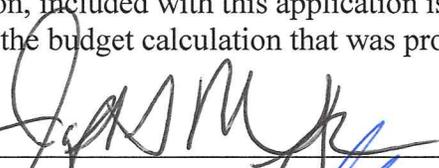
**XII. Agreement to Improve Financial Position of Municipality**

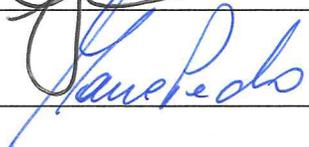
**If aid is granted, are you willing to enter into a “memorandum of understanding” that will, among other restrictions and requirements:**

	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  Date 9/30/10

Chief Financial Officer  Date 9/30/10

ATTEST:  Date 9/30/10  
Municipal Clerk

Mayor Menza

Transitional Aide Application

September 30, 2010

We are submitting the following information with the hope of receiving transition aide. The following factors must be taken into consideration and were inherited by my administration:

- 1) I have inherited labor contract negotiated and signed by the past administration that are five years in length and conclude with a 4.5% in SFY 2012 and 4.75 % in SFY 2013 (copies of contracts attached). Although these contracts are binding we have been renegotiating terms and health benefit costs in an attempt to close a large structural budget deficit. As of the date of the introduction of the budget the Township introduced a budget based on the "Memorandum of Understanding" (Copy Attached) dated September 3, 2010. The Township Council and I after lengthy negotiations of approximately 12 hours on September 28, 2010 failed to finalize a written agreement. The September 28, 2010 meeting was the 5th meeting with all unions that were attended by me and the Townships labor and Township attorney at a cost to the Taxpayers.
- 2) Therefore the budget that was introduced does not have the correct assumptions since the agreement has not been finalized. Again a copy of the "Memorandum of Understanding" has been attached.
- 3) The unions have been awarded five year contracts that the township can simply not afford which was inherited by my administration. These existing contracts have been attached into two separate binders in alphabetical order by name and/or bargaining unit. I was in my office till 1:30 am trying to get an agreement to avoid the layoffs. One major component was a shift to the State Health Benefit program which would have avoided a significant cost increase. Current health program would have increased 22% or \$ 1,690,804.00.
- 4) At the September 28, 2010 meeting I was informed of a \$ 600,000 of surplus in the Grant fund which was withheld during the preparation of my budget and not disclosed to me until that emergency meeting. This alleviates one of my major budgetary concern which was how to fund the necessary sick time buyouts and future unemployment compensation that would be required due to the massive 50 person layoff.

- 5) In absence of a written agreement, I prepared a budget that incorporated the layoff of 50 employees. It would be irresponsible to prepare a budget without executed written agreements. This was after my continual attempt to avoid the layoffs (see attached memos). It is my intention to continue to attempt to secure the necessary concession to avoid a tragic number of layoff on October 15, 2010 which could compromise the safety of the Hillside residents.
- 6) I have requested that the Division of Consumer conduct an audit of the Police, Fire and Tax Collection services. It has been approximately 6 to 7 months without the audit being conducted. Had the audit been completed I would have a professional opinion as to the minimum staffing and supervision standards to ensure public safety. Lacking the necessary tools subjects my administration to criticism and costly litigation.
- 7) Our Layoff budget made an assumption that we could go to the State Health Plan and I learned yesterday that we have to make application by October 1, 2010 with the consent of the unions. That was the major concession the unions were offering (see attached "Memorandum of Understanding"). We ask that any aid we receive be contingent upon the ability to convert the employees to the state health plan.
- 8) The Council budget which we have gone through shows only a \$ 134 tax increase knowing that there is a \$ 250 requirement. However the \$600,000 of one shot revenue will not repeat and the use of \$1,550,000 is not going to regenerate. Thus far exceeding the \$ 250 minimum tax increase requirement. Not to mention the paying the deferred raises in the Council introduced budget

We have attached my original budget which when prepared we had no knowledge of the \$600,000 Grant Surplus being available. With knowing if the funds are for costs in this budget we could not make the assumption. Even with that One shot revenue, which we intend are using for one shot revenues we exceed the \$ 250 minimum.

- 9) I have a current ethics complaint against the Auditor as they have put forth budgetary information for the transition year conversion applications without my consent and appear to have lead the Township into structural deficit without any indication in their previous audit reports, which was the June 30, 2010 audit was completed only a couple of months ago.

10) I asked the Division of Consumer Affairs to audit the Fire and Police as they are the largest costs. The Fire Department has Chief, 5 Deputy Chiefs and 9 Captain's for a total of 15, command staff, 1 inspector, 2 clerical support staff members and 33 firemen for, two Firehouses in a Town that is two point seven Square miles. I have requested the number of active fires and have attached the response that was give. I would like Satellite tracking for the trucks not only in Fire but Public Works and all Township vehicles and I hope that it would a condition of the Memorandum of understanding.

11) I have attempted to purchase hand scanners to automate the payroll since June and hope that any aid would be required to be part of the memorandum of understanding that allows me put this control in place ..

The following funding was not available for the preparation of the June 30, 2011 budget:

1) Loss of State and Extraordinary Aid

	SFY 2011	SFY 2010	Loss in State Aid
<b>Section B: State Aid Without Offsetting Appropriations</b>			
Legislative Initiative Municipal Block Grant	\$0.00	\$0.00	\$0.00
Extraordinary Aid	\$0.00	\$900,000.00	-\$900,000.00
Consolidated Municipal Property Tax Relief	\$1,394,902.00	\$2,836,231.00	-\$1,441,329.00
Energy Receipts Tax	\$2,919,797.00	\$2,390,539.00	\$529,258.00
	<b>\$ 4,314,699.00</b>	<b>\$ 6,126,770.00</b>	<b>\$ (1,812,071.00)</b>

- 2) Significant reduction in UEZ funding that was previously funding a four member clean team and 4 community police officers.
- 3) Other Revenues such as interest income and other fees have decrease significantly over the years.
- 4) The new ratable increase was \$39.091 (\$1,318,400 at the current tax rate of \$2.965 equals \$ 39,091) a continual decline over the past three years.

The current levy calculation has allowed for an increase less than the 4% cap law allows this was due to a large reduction in debt service of \$545,771. The Township has been informed that the State Health and Prescription Plan afforded a estimated one million six hundred and ninety thousand in savings which the council and the Mayor have agreed is necessary to close the large structural budget deficit however it requires union consent. A copy of the Health Care consultant's letter supporting the actual savings is attached.

The Township is currently over the cap with the layoff plan or the memorandum of understanding. The Mayors budget generated a permanent savings. The councils is a temporary solution.

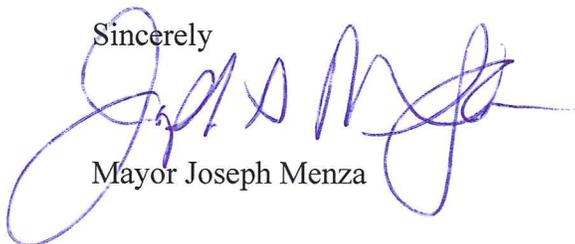
The Layoff plan includes the following:

5 Police  
12 Fire  
11 Public Works  
22 Clerical  
50 Positions

I have virtually laid off the entire clerical support staff of the Township and still have not met the imposed levy cap. The cost of not having the necessary tools to layoff in July would have saved the Township 710K approximately.

The SFY June 30, 2011 has unexpected sick time buyout of \$ 289,000. As irresponsible as it is we are using the entire surplus leaving a balance of \$26,030.87. The SFY June 30, 2010 budget require an emergency appropriation by \$ 825,500. (See attached resolution) The costs associated with the layoff due to unemployment insurance is the estimated amount of \$ 1,213,339.05 (See attached Schedule)

Sincerely



Mayor Joseph Menza