

Transitional Aid Application for Application Years CY 2010/SFY 2011
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by July 16 (for CY 2010) and September 30 (for SFY 2011) for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice 2010-14 when preparing this application for specific instructions and definitions.

Name of Municipality:		Township Of Irvington		County:	Essex
Contact Person:		Faheem J. Ra'Oof, CPA		Title:	Dir. Of Rev.& Fin/CFO
Phone:	973-399-6710	Fax:	973-399-4860	E-mail:	Fraoof@irvingtonnj.org
Population:	66,000				

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
\$2,000,000.00	\$2,000,000.00	\$-0-

II. Aid Request for Application Year

Amount of aid requested for the Application Year:	\$7,000,000.00
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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	9/30/2010
Previous Year Annual Audit	6/15/2010
Previous Year Audit Corrective Action Plan	9/30/2010
Application Year Introduced Budget	8/10/2010
Budget documentation submitted to governing body	8/16/2010

IV. Application Certification

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

Official	Signature	Date
Mayor/Chief Executive Officer		9/30/2010
Governing Body Presiding Officer		9/30/2010
Chief Financial Officer		9/30/2010

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)

The Township of Irvington continues to suffered budgetary hardship due to its structural deficit that has been the case for the past three decades. With its current make up of a highly dense community and limited opportunity to grow or increase revenue the township structure deficit continue to be its number one challenge, especial in the current economic recession.

As the current year's introduced budget reflex a reduction of \$6.2 million dollars from last year's budget, the major reason for the need of Transitional Aid is due to the loss of revenue of \$4,517,519.38 excluding aid cut by the state of New Jersey. Of the \$4.5 million \$3.5 is from one-time non recurring source, of which has been a major part in helping the township meet its budgetary need over the past years.

The township has been making great progress in closing the structural deficit by increasing taxes with last fiscal year been increased by \$15.7 million dollars for a average of \$1,200 per household. Due to such a large increase over the past three years the possibility of having another major increase will send the township into a state of financial disaster. The residence of the township could not survive another substantial tax increase without causing major foreclosures, abandonment and tax delinquencies.

In addition to the impact of major tax increase, the current under staffing of the Police and Fire departments, due to the lack of funds have put the township at risk for the safety and welfare of its residence and the greater community.

With limited available land for redevelopment and limit amount of new revenue source the need for Transitional Aid for the Township of Irvington is critical to its recovery in this recession and redevelopment of the township.

V-B Alternate Eligibility Calculation

Complete this section only if Discretionary aid **was not** received in the prior year. If the requirements of this section are met, this application must also reflect that the criteria in Section B, items 2-7 of Local Finance Notice 2010-14 are met.

Part 1 calculates loss of equalized value. If there is a loss of *2% of equalized value*, the eligibility criteria is met and the rest of the form does not have to be completed.

If 2% the criteria is **not** met, continue with Part 2 to identify individual revenue losses (exclusive of State CMPTRA/ETR formula aid reductions) or specific, extraordinary appropriation increases (pursuant to Local Finance Notice 2010-14, Item B-8).

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

Part 2 – Demonstration of Revenue Loss/Substantial Cost Increase

Complete Part 2 if eligibility was not met in Part 1. Show extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions), but not as the aggregate of many revenue line items; or specific, extraordinary appropriations. Describe the item on the cell below each entry.

Revenue or Appropriation	Prior Year Value	Current Year Value	Amount of Loss/Increase
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
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.

In continuing its efforts to bring the Township's structural deficit in to balance the following are some of the steps that are be taking and explored to reduce the need for the aid over the few years:

Revenue Enhancements

1. Maintain the policy for review of all fees and rates annually to make the necessary increases where needed. Estimated increase in revenue \$75,000 per year
2. Continue the accelerated tax sale, to maintain 98% plus tax collections rate. Enhance our automated payments systems with such items as debit card payments and kiosk system. We estimate an impact of .25% on collections rate.
3. Continue the policy of having a minimum of two auctions per year, which should realize \$150,000 to \$250,000 in revenue per year. Increase our foreclosure activity to get non productive properties back on the tax rolls
4. Sale of the other major township site to developers or joint partnership, with properties such as Irvington General Hospital, the public parking garage etc. Estimated one-time revenue of \$2.5 to \$5 million, and with this being a new ratable for the long-term which can add \$176,000 to \$353,000 per year in new taxes on theses sites.
5. The redevelopment plan of the Township, which will build new ratables, will continue to be a primary focus. See the attached schedule of current projects and development.

Cost Cutting Measures

1. A hiring and promotional freeze across the board, except or emergency need in public safety, uniform employees (Police and Fire).
2. Complete a audit of the phone services both land and cell with refund and reduce plan based on actual need and use. Estimate savings \$40,000 per year.
3. All implement the health benefit co-pay for non-union personnel immediately with union coming as contracts expirer. We have also bid out the TPA services for the health insurance. Estimate savings \$581,000 per year.
4. We are currently reviewing a retirement plan to offer staff who have the years and/or age to the opportunity to retire. Currently, the Township has 123 employees that have 20 years or better who could benefit from such a plan. With a 15% acceptance the savings could be \$450,000 in year one and \$786,600.00 in year 2. The elimination of these positions will help to correct the structural deficit that the Township has been dealing with for years.

5. Seek grant funding to pay for or part of the cost of the Recreation, Senior Citizen, and Health departments operation. And if grant funding is not avail consider outsourcing. Estimate savings: \$300,000 to \$617,582 per year.
6. Restructure the compensation for all employees, such as salary ranges, longevity, increments, steps and terminal payouts to fall in line the township ability to pay. Estimate savings undetermined at this time.
7. Implement new payroll services with automated time and attendance tracking system that will monitor, control and personnel use of time paid and unpaid. It will also eliminate the errors and duplication in the processing of payroll. Estimate savings is \$75,000.
8. Explore outsourcing the some or all of shade tree and public buildings department to outside private or other municipalities. Estimate possible savings: \$125,000 to \$200,000.
9. Reduce the bulk trash disposal pickup to along with single source the recycling in the new contract for trash removal services one vendor. Estimate savings \$336,000 to \$456,000 per year.
10. Have all the utilities audit for possible over charge and seek bids on the resale of the utilities charges. Town current received federal grant to replace all windows to reduce energy cost over next year. Estimate savings of all above \$75,000 per year.
11. We review all current contracts services and goods with the focus of do we still need the same level of service, are there any duplication, and other reduction in cost. Estimate savings of above \$100,000.
12. Implement in the police and fire departments to replace all uniform staff during non uniform duties with non uniform staff at a reduced pay and the minmiumize overtime for example dispatch, court security, etc. Estimate savings \$85,000 to 150,000 per year.

VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 1.61	\$ 2.04	\$ 2.36
Municipal Purposes tax levy	\$ 48,299,003	\$ 64,130,574.57	\$ 73,963,422.31
Municipal Open Space tax levy	\$	\$	\$
Total general appropriations	\$ 86,276,700.65	\$ 102,471,844.04	\$ 96,225,379.14

3. Cash Status Information			
% Of current taxes collected	98.51%	98.59%	%
% Used in computation of reserve	98.98%	98.38%	98.52%
Reserve for uncollected taxes	\$ 801,524.23	\$ 1,535,488.15	\$ 1,535,488.15
Total year end cash surplus	\$ 0	\$ 0	
Total non-cash surplus	\$ 0	\$ 0	
Year end deferred charges	\$ 4,352,000	\$ 2,944,453	

4. Assessment Data			
Assessed value (as of 7/1)	\$ 3,220,717,260	\$ 3,189,359,338	\$ 3,132,329,051
Average Residential Assessment	\$ 258,000	\$258,000	\$ 256,676.82
Number of tax appeals granted	265	385	
Amount budgeted for tax appeals	\$ 0	\$ 0	\$ 0
Refunding bonds for tax appeals	\$ 0	\$ 880,000	\$ 880,000

5. Full time Staffing Levels			
Uniformed Police - Staff Number	187	188	170
Total S&W Expenditures	\$ 19,046,443	\$ 18,632,539	\$ 18,822,000
Uniformed Fire - Staff Number	134	131	128
Total S&W Expenditures	\$ 12,465,406	\$ 12, 801, 486	\$ 12,801,486
All Other Employees - Staff Number	302	277	265
Total S&W Expenditures	\$ 8,681,223	\$ 7, 685,537.97	\$ 7,889,373.17 *

6. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			\$ 3,132,329,051
Introduced Tax Levy			\$ 73,963,422.31
Proposed Municipal Tax Rate	2.36	Average Res. Value (#4 above)	\$ 256,676.82
Current Year Taxes on Average Residential Value (#4 above)			\$ 6,057.74
Prior Year Taxes on Average Residential Value			\$ 5,284.78
Proposed Increase in average residential taxes			\$ 772.96

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2007

B. Proposed Budget – Appropriation and Levy Cap Information

Item	Yes	No
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	X	
3.5%		
2. Amount of appropriation cap bank available going into this year		
\$ 718,213.00		
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 levy cap? If YES, amount:		X
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Pension (combined)	\$ 7,544,126	\$ 9,432,323	\$ 1,888,196
Municipal Debt Services	\$ 3,217,850	\$ 6,227,780	\$ 3,009,929
Insurance (Health, GL, WC)	\$ 18,002,270	\$ 19,124,110	\$ 1,121,839
Dept. of Business & Administration	\$ 679,010	\$804,584	\$ 125,574
Trash Disposal	\$ 3,106,492	\$ 3,168,903	\$ 62,410

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

Department/Agency	Position	Number	Dollar Amount
	No new position just some replacements.		

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	\$ 65,579,150	\$ 10,696,290	\$ 4,000,000	\$39,257,443	\$56,730,144
Second year	\$ 71,789,752	\$ 11,436,634	\$ 2,000,000	\$ 39,267,967	\$59,123,400
Third year	\$ 73,141,262	\$ 11,507,117	\$ 1,000,000	\$ 39,263,695	\$ 59,549,665

VIII. Financial Practices

A. Expenditure controls and practices:

Question	Yes	No
1. Is an encumbrance system used for the current fund?	√	
2. Is an encumbrance system used for other funds?	√	
3. Is a general ledger maintained for the current fund?	√	
4. Is a general ledger maintained for other funds?	√	
5. Are financial activities largely automated?	√	
6. Does the municipality operate the general public assistance program?		√
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?		√
8. At any point during the year are expenditures routinely frozen?	√	
9. Has the municipality adopted a cash management plan?	√	
10. Have all negative findings in the prior year's audit report been corrected?		√
If No, list those uncorrected as an appendix. (see attached)		

B. Risk Management: Indicate ("x") how each type of risk is insured.

Coverage	JIF/HIF	Self	Commercial
General liability		√	
Vehicle/Fleet liability		√	
Workers Compensation		√	
Property Coverage		√	
Public Official Liability		√	
Employment Practices Liability		√	
Environmental		√	
Health	SHBP	√	

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	FY-10	FY-11	FY-09	FY-08
Average percentage increase	3.5%	3.5%	2%	3.4%
Last contract settlement date	10/30/07	1/10/08	1/10/08	
Contract expiration date	12/31/2010	6/30/2012	6/30/2012	

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)	N/A	N/A	10 days	10 days
All departments are currently on a 10 Day Furlough Plan, except the Police and Fire Departments. This may increase the dependence on state aid.				
Wage Freezes (describe below)	Yes	No	Yes	Yes
All wages are frozen for all departments except the Fire Department, under which negotiations are currently underway requesting some give backs or layoffs. Police contract is scheduled to end 12/31/10 and negotiations will begin in November of this year.				

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Layoffs (describe below)	N/A	N/A	N/A	N/A
The township had an layoff of 25 non uniform employees at the end of FY-09, 20 police and 10 firemen in May of 2010 of which 19 police and 10 firemen was called back as result of 11 police and 7 firemen retired in August and September 2010 resulting no increase in the current budget. See Attached Police Director report.				

D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?	√	
2. When was the last foreclosure action taken or tax assignment sale held: Date:	7/12/2010	
3. During 2009, on what dates were tax delinquency notices sent out: Date:		
4. Date of last tax sale: Date:	7/12/2010	

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) only when absence – (see attached)		√
The municipality provides rear-yard solid waste collection through the budget		√

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$ 110,805	Last Year:	\$ 5,801.57	Anticipated Application Year:	\$ 5,801.57
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2. List the instruments in which idle funds are invested:

Interest bearing checking accounts	
State of N.J. Cash Management	

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

.50%

4. When was the last time fee schedules were reviewed and updated?

December 2009

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
Police PBA	12/31/2010	Official contract negotiations schedule November
Police SOA	12/31/2010	Official contract negotiations schedule November
Fire	6/30/2012	In negotiation on give back's due

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Fire – officer	6/30/2012	To Economic time
IAIW – Non-Uniform	6/30/2012	Have differed and frozen all wages open 1/1/2011
Crossing Guards		Have had several and 90% complete

**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
Police Department	18,632,540	18,822,000	Layoff of 20 officers, calling back 19 as replacement of 8 retired Officers in September and the balance funded by grants. Replace all uniform officer performing non police assignments with non police staff or outsource. Dispatch, courts security etc.
Fire Department	12,801,486	12,801,486	Layoff of 10 firemen, calling all of them to replace 7 retired senior firemen. Shutting down engine #3 during the slow shift and to Cap Overtime.
All of the Non Uniform Staff in the other departments	7,685,538	7,889,373	The 10 days furlough which is not reflected in the introduced budget, and freeze on pay until 1/1/11 which will be request to continue until 1/1/12.which include all longevity, and increments. Also by not replacing certain vacated positions.

IX-B. Demonstrated reductions or actions that limited otherwise ordinary increases in Other Expense or other costs. (See item B-6 in Local Finance Notice 2010-14 for details). Include changes in spending policies that reduce non-essential spending.

Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Trash Disposal	3,106,768	3,168,903	Reduction in bulk pickup, and did single source with the recycling on the same pickup day by one vendor, estimate saving is \$28,000 per month.
Health Insurance Group	15,039,728	15,719,600	Re bid the TPA administration services reduction in fees over next two years, estimate saving is \$78,000 per year. Implement the 1.5% co-pay on all non union staff and all unions as contracts expire.
Telephones	430,000	440,750	Currently having an audit perform of both land lines as well as cell phone to recoup overcharges and reduction in plans. We are reviewing whom have cell phone and switching some phone to direct connect system. Ongoing monitoring and changing of plans.
Utilities(Electricity & Street)	750,000	765,000	Soliciting for audit services in this to help in correction on bills. Also reviewing proposals for other cheaper resellers of the various utilities.
Finance Department	70,000	80,000	Soliciting payroll services that enhance time and attendance tracking reporting, eliminating redundant work with less errors, at current or reduced cost. Request for banking services to reduce fees and over enhance services online etc.

Tax Collector Department	35,000	35,000	Replace current tax system to new module to the current Finance system as a centralize system that will reduce duplication of posting, add more control and oversight and enhance the financial internal controls of the township.

IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased, and if so, how changes will be implemented. (See B-7 in Local Finance Notice 2010-14 for details)

Local Revenues	Prior Year Realized	Application Year Anticipated	Evaluation, Recommendation, and Implementation Plan
Fees and Permits	351,478	351,478	Continue to review yearly and make necessary increases across the board. Add new fees where may be need to.
Parking Meters	226,675	226,675	Just increase parking meter fees and have resulted in increase revenue of \$36,000 from what was anticipated last year. Will review annual and increase when reasonable.

Interest on Investments	5,807.57	5,807.57	Request proposal to banking and treasury services to increase return on investments. Invest idol funds in cash management accounts with the use of cash flow projections and minimum required cash needs.
Sale of Town Own Property	614,778.41	0	Continue to auction off all town owned property as soon as possible to get ratable back on the rolls. Move to close on sale of the hospital site ASAP and get the site as and ratable adding on shot revenue of \$2 to \$3 million and recurring revenue of \$126,000 to 253,000 to new tax revenue. Become more proactive with developers and main purpose to get the property into private developer hands to get back on the tax roll.
Amount Raised for Taxes	64,238,040	73,963,422	Maintain the accelerated tax sale to continue to have 98% plus collection rate on all property and sewer taxes by the township. Enhance the delinquent notices with automation, continue to upgrade the online payment system along reviewing possible kiosk credit card system in town hall for the late hours, furlough days and to minimize the long line on due days. Continue the focus on the redevelopment plans as outline above.

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 Dispatch Services	UMDNJ Hospital in Newark	\$150,000	2009
Cooperative Purchasing	Essex County and Morristown	N/A	2010
911 Dispatch and Trans.	MONCO (Non-Profit)	479,436	2010

Section XI – Impact of Limited or No Aid Award

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

Rank Order	Department	# of Layoffs	Effective Date	2010 Full Time Staffing	2011 Full Time Staffing	\$ Amount to be Saved
1	Increase number of Furlouhs all departments days one per week.		01/01/11			\$867,393
2	Cross the board cuts of 7 to 15%	50	01/01/11	602	550	\$1,250,000

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

Rank Order	Service	Cost Savings	Impact on Services
1	Recreation Services	125,000	Reduce hours of program and until secure possible funding in grant for long hours.
2	Senior Services	72,775.	Reduced or eliminate hour for the senior activity until and secure grant funds to staff program.
3	Trash disposal	120,000.	Cut bulk pickup down to once a month.

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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 _____

Chief Financial Officer _____ Date _____

ATTEST: _____ Date _____

Municipal Clerk