

**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>		City of Jersey City		<b>County:</b>	Hudson
<b>Contact Person:</b>		Bob Kakoleski		<b>Title:</b>	Asst. Bus. Administrator
<b>Phone:</b>	201-547-4642	<b>Fax:</b>	201-547-4955	<b>E-mail:</b>	rjkakoleski@jcnj.org
<b>Population:</b>	240,055				

**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
\$14,000,000	5,000,000	8,000,000

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>\$20,000,000</b>
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*An aid request does not constitute guarantee of receipt of any funds.*

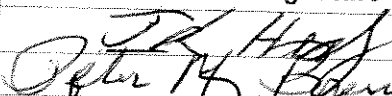

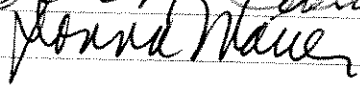
**III. Submission Requirements**

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	Aug. 10, 2010
Previous Year Annual Audit	Feb. 18, 2010
Previous Year Audit Corrective Action Plan	June 10, 2010
Application Year Introduced Budget	Aug. 31, 2010
Budget documentation submitted to governing body	Aug. 30, 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		9/29/2010
Chief Financial Officer		9/29/10

**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)

**The City of Jersey City faces a severe fiscal challenge unprecedented in the City's history that will result in an unconscionable tax increase of 42.7%.**

**The impact of this increase to the average taxpayer is compounded by several years of rising property taxes:**

**Property taxes increased by 22.36% in the immediate preceding year (FY2010) alone, and**

**Property taxes increased by an average of 11.5% each year over the last five years.**

In fact, Jersey City's tax increase was singled out in a recent Wall Street Journal article for its size and impact (WSJ 9/28/10 page one). It is probable that no municipality within New Jersey has increased taxes so significantly over the last six years.

The salient conditions that are driving this year's enormous increase in the tax levy can be attributed to the following:

1. The loss of \$27 million of COMPTRA and Special Municipal Aid. **This single revenue item will result in a tax levy increase of 14.5%**.
2. The loss of \$2 million in Uniform Construction Code Fees due to the weakened economy and the resultant reduction in new construction or rehabilitation.
3. The unexpected spike in retirements among Police and Fire Uniformed Personnel and the resultant spike in large terminal leave payouts (\$15 million).
4. The exhaustion of one time revenue items that plugged gaps in previous budgets.
5. The loss of \$4 million in revenues from the franchise agreement with Jersey City Municipal Utilities Authority (for the operation of the City's water utility).
6. An \$8 million jump in pension contributions/payments.
7. An 11% increase in health care costs (\$7 million).
8. A 2.75% salary increase effective January 1, 2011 required by the existing Police and Fire contracts (\$4 million).
9. The decrease in the inventory of City-owned property will result in diminished revenue from annual property auctions.

## Major Revenue/Appropriation Changes

MAJOR REVENUE CHANGES		2010 ADOPTED	2011 PROJECTED	PROJECTED INCR/DECR
1	STATE AID	\$77,366,590	\$63,844,685	(\$13,521,905)
2	UEZ - POLICE SALARIES	\$2,900,000	\$1,350,000	(\$1,550,000)
3	EXTRAORDINARY AID	\$14,000,000	\$0	(\$14,000,000)
4	MUA FRANCHISE	\$16,000,000	\$12,000,000	(\$4,000,000)
5	MUA WATER DEBT SERVICE	\$5,868,779	\$6,432,358	\$563,579
6	SALE OF MUNICIPAL PROPERTY	\$5,800,000	\$1,800,000	(\$4,000,000)
7	SURPLUS	\$12,096,000	\$3,500,000	(\$8,596,000)
8	OTHER REVENUES	\$14,086,426	\$6,579,508	(\$7,506,918)
<b>TOTAL REVENUES</b>		<b>\$148,117,795</b>	<b>\$95,506,551</b>	<b>(\$52,611,244)</b>

MAJOR APPROPRIATION CHANGES		2010 ADOPTED	2011 PROJECTED	PROJECTED INCR/DECR
1	SALARIES: POLICE	\$93,530,240	\$96,102,322	\$2,572,082
2	SALARIES: FIRE	\$64,565,031	\$65,206,463	\$641,432
3	SALARIES: ALL OTHER	\$42,850,624	\$44,029,016	\$1,178,392
4	ACCUMULATED ABSENCE	\$8,404,000	\$9,000,000	\$596,000
5	PENSION (POLICE, FIRE, ERS, PERS)	\$42,989,369	\$48,148,093	\$5,158,724
6	HEALTH BENEFITS	\$69,100,000	\$76,010,000	\$6,910,000
7	INSURANCE	\$6,390,500	\$9,500,000	\$3,109,500
8	DEBT SERVICE: GENERAL	\$37,481,257	\$40,703,929	\$3,222,672
9	DEBT SERVICE: MUA WATER	\$5,868,779	\$5,723,342	(\$145,437)
10	ADDITION TO LOCAL DISTRICT SCHOOL TAX	\$7,506,918	\$8,298,847	\$791,929
11	INCINERATOR AUTHORITY	\$28,000,000	\$28,700,000	\$700,000
12	LIBRARY & MUSEUM	\$8,347,535	\$8,514,486	\$166,951
13	UTILITIES	\$7,869,100	\$7,900,000	\$30,900
14	UNEMPLOYMENT & SOCIAL SECURITY	\$4,445,000	\$6,000,000	\$1,555,000
15	OTHER EXPENSES	\$27,134,680	\$27,677,374	\$542,694
<b>TOTAL EXPENSES</b>		<b>\$454,483,033</b>	<b>\$481,513,871</b>	<b>\$27,030,838</b>

PROJECTED FY2011

DEFICIT

(\$79,642,082)

## V-B Alternate Eligibility Calculation

N/A

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)
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.

- 1. The City has eliminated the "Traditional" health insurance option for current employees, and will be eliminating "Traditional" option for retirees effective December 1, 2011.**
- 2. The City has implemented a 12 day furlough plan for each of the last two years for all fulltime employees.**
- 3. The City has submitted a layoff plan for the rank of "Police Inspector".**
- 4. The City terminated over 270 seasonal and provisional employees on February 26, 2010.**
- 5. The City has not replaced over 150 Police and Firefighters who retired in CY 2010.**
- 6. Each City Department has been instructed to cut their budgets by 10%. Funding for the Jersey City Museum and Afro-American Museum has been eliminated.**
- 7. The City will be developing a layoff plan affecting all civilian and uniform employees, with an effective date of 01/01/11.**
- 8. Management employees have not received a cost of living increase for three years. Two civilian unions have already agreed to 0% in 2010.**
- 9. The City is merging the operations of the Jersey City Incinerator Authority with the Department of Public Works which will result in a reduction of 80 fulltime employees.**

**The following chart demonstrates the City's progressive reduction in employees.**

<u>EMPLOYEES</u>	<u>2005 FULL TIME EMPLOYEES</u>	<u>2010 FULL TIME EMPLOYEES</u>
NON-UNIFORM	1186	1113
FIRE - UNIFORM	613	500
POLICE - UNIFORM	896	837
<b>TOTAL FULL TIME:</b>	<b>2695</b>	<b>2450</b>

<u>EMPLOYEES</u>	<u>2005 PT/SEASONAL EMPLOYEES</u>	<u>2010 PT/SEASONAL EMPLOYEES</u>
NON-UNIFORM	852	442
FIRE DEPT	3	0
POLICE DEPT	199	208
<b>TOTAL PT/SEASONAL:</b>	<b>1054</b>	<b>650</b>

<u>EMPLOYEES</u>	<u>2005 TOTAL EMPLOYEES</u>	<u>2010 TOTAL EMPLOYEES</u>
NON-UNIFORM	2038	1555
FIRE DEPT	616	500
POLICE DEPT	1095	1045
<b>TOTAL EMPLOYEES</b>	<b>3749</b>	<b>3100</b>

## VI. Historical Fiscal Statistics

Item	Actual (2008) Previous Year	Actual (2009) Prior Year	Introduced (2010) Application Year
<b>1. Property Tax/Budget Information</b>			
Municipal tax rate	\$2.538	2,858	3.564
Municipal Purposes tax levy	\$151,199,997	170,000,000	185,058,594
Municipal Open Space tax levy	\$2,318,316	\$2,362,578	\$233,954
Total general appropriations	\$463,957,000	\$475,673,391	\$511,224,445
<b>3. Cash Status Information</b>			
% Of current taxes collected	99.90%	99.90%	%
% Used in computation of reserve	99.51%	99.55%	99.55%
Reserve for uncollected taxes	\$1,581,460	\$1,503,973	\$1,692,045
Total year end cash surplus	\$13,239,343	\$11,292,345	
Total non-cash surplus	\$819,500	\$804,000	
Year end deferred charges	\$0	\$0	
<b>4. Assessment Data</b>			
Assessed value (as of 7/1)	\$5,953,809,573	\$5,946,690,737	\$5,890,926,616
Average Residential Assessment	\$94,000	\$93,400	\$93,500
Number of tax appeals granted	660	1,302	
Amount budgeted for tax appeals	\$300,000	\$300,000	\$300,000
Refunding bonds for tax appeals	\$	\$	\$0
<b>5. Full time Staffing Levels</b>			
Uniformed Police - Staff Number	887	895	880
Total S&W Expenditures	\$88,247,990	\$95,898,624	\$93,390,240
Uniformed Fire - Staff Number	611	596	560
Total S&W Expenditures	\$64,310,000	\$64,500,516	\$64,330,031
All Other Employees - Staff Number	1442	1415	1382
Total S&W Expenditures	\$47,301,622	\$48,668,100	\$52,861,668
<b>6. Impact of Proposed Tax Levy</b>			
			<b>Amount</b>
Current Year Taxable Value			5,890,926,606
Introduced Tax Levy			210,000,000
Proposed Municipal Tax Rate	Average Res. Value ( #4 above)	93,500	
Current Year Taxes on Average Residential Value (#4 above)			6454
Prior Year Taxes on Average Residential Value			5605
Proposed Increase in average residential taxes			849

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment

1988

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		
\$19,227,972		
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	
\$66,000,000		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
DEBT SERVICE: GENERAL	37,481,257	47,915,285	10,434,028
PFRS/PERS/JCERS	42,298,369	48,800,000	6,501,361
HEALTH INSURANCE	68,214,000	74,000,000	5,786,000
POLICE SALARIES	93,390,240	96,500,000	3,109,760
INSURANCE	6,390,500	7,000,000	609,500

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

Department/Agency	Position	Number	Dollar Amount
* NONE	HIRING FREEZE – The City has been under DCA monitoring this past Fiscal Year		

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	189,000,000	260,000,000	15,000,000	210,000,000	254,000,000
Second year	195,000,000	263,000,000	10,000,000	212,000,000	256,000,000
Third year	196,000,000	267,000,000	5,000,000	213,000,000	257,000,000



### 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	x
Vehicle/Fleet liability		x	x
Workers Compensation		x	x
Property Coverage		x	x
Public Official Liability		x	x
Employment Practices Liability		x	x
Environmental			
Health	SHBP	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	2010	2010	2010	2007
Average percentage increase	2.75%	2.75%	2.7%	0%
Last contract settlement date	May 2010	May 2010	May 2010	
Contract expiration date	2012	2012	2011	

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)	NO	NO	YES	YES
The city has been approved for 12 furlough days from September 2010 – June 2011				
Wage Freezes (describe below)	NO	NO	YES	YES
Police and Fire unions are scheduled to receive a raise in 1/1/11. We will approach union officials for a wage freeze. Non-uniform employees contracts expire 6/31/11 at which point we will request a freeze for the remainder of CY				

Layoffs (describe below) City has submitted a plan to layoff the rank of "Police Inspectors" effective December 1, 2010. The City is preparing a plan to layoff approximately 300 civilian employees effective 1/1/11.

**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>	06/30/2010	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float:right">Date:</span>	2/23/09 6/11/09 8/17/09 11/16/09	
4. Date of last tax sale: <span style="float:right">Date:</span>	6/29/10	

**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) <b><u>SOME POLICE USED DUE TO UNDERSTAFFING OF CIVILIANS, BUT 911 IS MOSTLY STAFFED BY CIVILIANS</u></b>		X SEE NOTE AT LEFT
The municipality provides rear-yard solid waste collection through the budget		X

**F. Other Financial Practices**

1. Amount of interest on investment earned in:

Prior Year:	\$1,114,841	Last Year:	\$309,102	Anticipated Application Year:	\$300,000
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2. List the instruments in which idle funds are invested:

Bank Checking Account with interest	
Certificate of Deposits	
Money market Accounts	

3. What was the average return on investments during CY 2009? 0.6%

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

**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
Fire Fighter- Local 1066	12/31/12	N/A

Fire Supervisor- Local 1064	12/31/12	N/A
Police Office Benevolent Assoc.	12/31/12	N/A
Police Superior Officer Assoc.	12/31/08	Awaiting Arbitrator's Award
Civilians (blue color) Local 245	6/30/11	N/A
Civilians (white color) Local 246	6/30/11	N/A
Boiler Operators Local 68/68A	12/31/11	N/A
JC School Traffic Guards	8/31/08	Preliminary Agreement



**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
Jersey City Museum	500,000	0	Closed the Museum
Jersey City Afro-American Museum	124,000	0	Eliminated Appropriation
Jersey City Public Library	7,723,535	7,400,000	Statutory Minimum was lowered
JCIA/DPW Consolidation	39,523,080	29,000,000	Consolidation of Autonomous Agency with Dept. of Public Works to eliminate duplicated services
Several Interlocal Service Agreements		TBD	Initiate agreements with adjacent municipalities and Hudson County to provide city services, for example: 1) Regional Health Office, 2) Weights and Measures, 3) Commerce Licensing, 4) Animal Control
JC Reservoirs as New Revenue Sources		TBD	Explore use agreements for recreational activities at JC Reservoir and/or sale of Reservoirs to state for open space
Eliminate "Traditional Plan" of Health Benefits for Retirees		TBD	Eliminate expensive "traditional plan"
Credit Cards for Municipal Court		TBD	Expand the acceptance at the Municipal Court of credit cards and debit cards
Municipal Court Consolidation		TBD	Lobby legislature to permit municipalities to consolidate courts
Court Appearance Tickets		TBD	Allow more court appearance tickets to be payable tickets (through automatic payment plans, credit cards, etc.)
Traffic Light Ticket Cameras		TBD	Initiate and install traffic signal red light ticket cameras at City intersections
Reduce Leased Space		TBD	Combine City Offices into existing City-owned properties and reduce the need for rented space, e.g. Building Code Official into





### 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	All	300	1/1/11	2734	2434	15,000,000

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

Rank Order	Service	Cost Savings	Impact on Services
2	Fire Fighter Replacement	4,000,000	Closing companies - Potential slower response time
3	Police officer replacement	4,000,000	Less officers on patrol - Increase on Crime rate



**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 *JH Hardy* Date 9/30/10

Chief Financial Officer *Patricia Mauer* Date 9/29/10

ATTEST: *Pat Byrne* Date 9/30/10  
Municipal Clerk