

**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 Passaic		<b>County:</b> Passaic
<b>Contact Person:</b> Jose L. Agosto		<b>Title:</b> Finance Director CMFO
<b>Phone:</b> 973-365-5578	<b>Fax:</b> 973-365-0698	<b>E-mail:</b> jagosto@cityofpassaicnj.gov
<b>Population:</b> 67,861		

**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
\$ 1,000,000	\$ 0	\$ 700,000

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>\$ 3,150,000</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	8-12-2010
Previous Year Annual Audit	3-30-2010
Previous Year Audit Corrective Action Plan	6-23-2010
Application Year Introduced Budget	9-29-2010
Budget documentation submitted to governing body	

**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		9-29-10
Governing Body Presiding Officer		9-29-10
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 Passaic has the highest property tax in Passaic County and for SFY 11 has experienced \$3,750,000 in lost revenue, including State Aid reduction of \$2,119,020, Extraordinary Aid of \$1,000,000, Sale of Municipal Assets of \$900,000 and loss of \$270,000 Court receipts. The City also could not anticipate \$500,000 UEZA funding for Police Security Patrol. For the first time the City is required to Cash Match UEZA programs such as Clean Sweep and Graffiti Eradication.

Prior SFY municipal levies have increased 7.95%, 2.26% (Pension Deferral) and 9.6%. The introduced SFY 11 increases the local levy 7.95% or \$529. This despite the Introduced Budget only increasing approximately \$489,000 from the previous year. Pension, Insurance and contractual obligations have been offset with Police layoffs, Furloughs and Fire Health Contributions. While the City has coped with increased fixed costs, continual loss of State Aid has driven the levy increase.

Expenditures have reduced to the minimum necessary to operate the government. Recent Garbage Collection & Tipping contracts are lower. Staffing reduction from recent budgets has been maintained, including recent retirements. The City will continue to reduce positions through attrition where possible while maintaining public safety needs and mandated functions.

Police and fire labor contracts which have been settled with the assistance of a state appointed arbitrator have driven the salary and wage position of appropriations upward. Recent negotiations with all unions have resulted in personnel action lowering salary appropriations.



**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			
<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.

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.

This fiscal year the City laid off 18 Police Officers with an anticipated savings of \$1,566,571. In SFY 11 five Police Officers totaling \$623,032 have retired along with five Fire Fighters totaling \$522,404. In SFY 10 three Police Officers retired totaling \$350,352 along with four Fire Fighters at \$414,857.

In SFY 11 the City initiated twelve furlough days for non public safety functions saving an estimated \$440,000. The PBA agreed to reduce Court overtime minimum from four to two hours reducing the budget line by \$100,000 and the FMBA & Fire Superiors agreed this year to contribute to Medical Insurance an amount equal to their CBA base salary increase.

The City recently combined Fire and Police dispatch allowing for civilian operation. Previously Fire dispatch was maintained with uniformed personnel.

Other than Fire Superiors, all CBA's will expire June 30, 2011 or in the case of the PBA December 31, 2011. Medical contributions and new SHBP requirements will assist in offsetting premium increases. All percentage increases will be reduced. Both Fire and Police salary schedule for new hires have been modified to reduce academy salaries and provide for an additional step. Work rules for "out of title" is currently being reviewed. The City annually reviews for alternate insurance providers.

The Director of Human Service and the Health Officer positions have not been filled. The Health Officer function is being maintained through an interlocal agreement with the City of Clifton.

Garbage Collection and Tipping Fees have been bid separately reducing cost. The City is receiving revenue from paper and cardboard recyclable.

Energy audits have been conducted through a grant and some upgrades will be made. The City will continue to apply for Energy Efficiency grants. The City is also preparing to convert to Bio-Diesel fuel for additional savings.

The City of Passaic has been proactive in the field of development and redevelopment. We have created open lines of communication with the owners of our redevelopment properties. We have created new ordinances to incentivize development in these areas. Developing any portion of these parcels would have a tremendous impact on the City's tax base. It would remove unsightly vacant or underutilized properties.

Over the past several years the City has solicited proposals from developers for various properties in redevelopment areas. These solicitations have either resulted in owners redeveloping properties themselves, or in some cases ownership of the properties being transferred to new owners undertaking development. All of these new developments



increasing the size of the tax base.

New ordinances and plans have been put in place to facilitate the development and rehabilitation of mixed commercial/residential properties throughout the City. The City of Passaic was initially awarded through the NJ Department of Community Affairs a Neighborhood Stabilization Program Grant in the amount of \$ 2,397,775.00. The award was for the "West of Main Avenue Neighborhood" which is bounded by Main Avenue, the Clifton border and Paulison Avenue. This program will rehabilitate vacant and foreclosed homes and bring them back on the tax rolls.

## VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
<b>1. Property Tax/Budget Information</b>			
Municipal tax rate	\$3.58	\$3.86	\$4.20
Municipal Purposes tax levy	\$48,968,067	\$52,862,501	\$57,065,070
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$83,213,465	\$81,593,032	\$82,082,316

<b>3. Cash Status Information</b>			
% Of current taxes collected	99.77%	99.65%	%
% Used in computation of reserve	98.82%	98.97%	99.06%
Reserve for uncollected taxes	\$1,000,000	\$900,000	\$900,00
Total year end cash surplus	\$3,568,326	\$3,693,157	
Total non-cash surplus	\$44,758	\$47,412	
Year end deferred charges	\$0	\$0	

<b>4. Assessment Data</b>			
Assessed value (as of 7/1)	\$1,372,139,800	\$1,368,190,600	\$1,357,266,200
Average Residential Assessment	\$128,500	\$128,500	\$130,800
Number of tax appeals granted	7	35	
Amount budgeted for tax appeals	\$0	\$0	\$0
Refunding bonds for tax appeals	\$0	\$0	\$0

<b>5. Full time Staffing Levels</b>			
Uniformed Police - Staff Number	195	190	163
Total S&W Expenditures	\$17,821,234	\$18,622,541	\$17,495,833
Uniformed Fire - Staff Number	116	116	109
Total S&W Expenditures	\$11,092,070	\$11,445,310	\$11,067,429
All Other Employees - Staff Number	251	248	231
Total S&W Expenditures	\$10,717,299	\$10,947,571	\$10,666,229
Crossing Guards/Part Time/Seasonal	\$ 942,960	\$ 1,108,671	\$ 1,164,022

### 6. Impact of Proposed Tax Levy

		Amount
Current Year Taxable Value		1,357,266,200
Introduced Tax Levy		57,065,070
Proposed Municipal Tax Rate	Average Res. Value ( #4 above)	130,800
Current Year Taxes on Average Residential Value (#4 above)		\$5,494
Prior Year Taxes on Average Residential Value		\$4,965
Proposed Increase in average residential taxes		\$529

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment 1992

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	XXX	XXX
2. Amount of appropriation cap bank available going into this year	N/A%	XXX
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance	XXX	XXX
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:	XXX	XXX
	\$	XXX

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
PFRS	\$6,348,226	\$7,687,662	\$1,339,436
Group Health Insurance	\$12,152,033	\$13,052,228	\$900,195
PERS	\$1,071,493	\$1,383,555	\$312,062
Bond Principal	\$1,818,800	\$1,939,240	\$120,620
Matching Funds for Grants	\$99,359	\$204,737	\$105,378
Unemployment	\$199,999	\$300,000	\$100,001

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>	56,795,567	24,511,493	2,800,000	40,904,534	43,166,520
<b>Second year</b>	59,897,415	24,567,493	2,400,000	41,934,791	44,930,117
<b>Third year</b>	62,767,409	24,587,493	1,800,000	42,750,459	46,384,443



**VIII. Financial Practices**

A. Expenditure controls and practices:

Question	Yes	No
1. Is an encumbrance system used for the current fund?	XXX	
2. Is an encumbrance system used for other funds?	XXX	
3. Is a general ledger maintained for the current fund?	XXX	
4. Is a general ledger maintained for other funds?	XXX	
5. Are financial activities largely automated?	XXX	
6. Does the municipality operate the general public assistance program?		XXX
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?	XXX	
8. At any point during the year are expenditures routinely frozen?		XXX
9. Has the municipality adopted a cash management plan?	XXX	
10. Have all negative findings in the prior year's audit report been corrected?		XXX
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			XXX
Vehicle/Fleet liability			XXX
Workers Compensation			XXX
Property Coverage			XXX
Public Official Liability			XXX
Employment Practices Liability			XXX
Environmental			XXX
Health	SHBP XXX		

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	2010
Average percentage increase	4%	4%	3%	3%
Last contract settlement date	1/1/2007	7/1/2006/07	7/1/2006	
Contract expiration date	12/31/2011	6/30/2011/12	6/30/2011	

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)			XXX	XXX
12 days for non – uniformed personnel				
Wage Freezes (describe below)		XXX		
Contribute to Group Health Insurance an amount equal to SFY 11 Fire CBA Base Salary Increase				
Layoffs (describe below)	XXX		XXX	
18 Police Officers, 1 DPW worker				



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D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?	XXX	
2. When was the last foreclosure action taken or tax assignment sale held: <span style="float: right;">Date:</span>	2005	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float: right;">Date:</span>	Quarterly	
4. Date of last tax sale: <span style="float: right;">Date:</span>	6/15/2010	

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)		XXX
The municipality provides rear-yard solid waste collection through the budget		XXX

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$ 51,363	Last Year:	\$ 37,415	Anticipated Application Year:	\$ 37,000
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2. List the instruments in which idle funds are invested:

CD, Treasuries	

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

.02-.05%
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4. When was the last time fee schedules were reviewed and updated?

2009/1010
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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
PBA Local 14	12/31/2011	On Going
FMBA Local 13	06/30/2011	On Going
Passaic Fire Officers Association	06/30/2012	On Going
Passaic City Employee Non Supervisory	06/30/2011	On Going
Passaic City Employee Supervisory	06/30/2011	On Going
Blue Collar Local 1158	06/30/2011	On Going
Traffic Guards	06/30/2011	On Going





IX-B Demonstrated reductions or actions that limited otherwise ordinary increases in Salaries Wages Cost

Appropriation	Paid/Chrgd YTD	SFY 11	Diffr
Administration S & W Regular	499,081	460,479	(38,601.72) Furlough, Position to Clerk's Office
Human Rsrc S&W Regular	153,449	135,230	(18,219.25) Furlough, Retirement replaced by lower salary
Mayor & Council S&W	335,029	308,752	(26,276.60) Furlough, Eliminated Position
City Clerk S&W Regular	228,751	264,803	36,051.57 Furlough, Position from Administration
Finance S&W Regular	556,086	539,838	(16,247.73) Furlough, Retirement replaced by lower salary
Tax Collector S&W Regular	176,725	182,504	5,779.31 Furlough,
Tax Assessment S&W Regular	258,743	223,572	(35,171.19) Furlough, Retirement replaced by part time
Engineer S&W Regular	131,535	136,855	5,320.15 Furlough,
Planning & Ecn S & W Regular	227,409	187,954	(39,454.51) Furlough, Staff reduction
Rent Level Brd S&W Regular	12,310	2,200	(10,110.39) Retirement replaced by part time
UCC S & W Regular	407,734	415,534	7,799.62 Furlough,
Police S & W Regular	18,165,784	17,679,808	(485,975.65) Furlough, Layoff 18 officers,retired not filled,Court OT reduced fr 4 to 2 hrs min
EMS S&W Regular	757,796	721,565	(36,231.16) Furlough, Staff reduction
Fire S & W Regular	11,365,800	11,195,200	(170,600.10) Furlough, FMBA Health Ins Contribution
Streets & Rds. S & W Regular	1,627,243	1,672,814	45,570.74 Furlough,
Bldgs & Grnds S & W Regular	699,231	644,068	(55,162.37) Furlough, Position to Building & Grounds
Vehicle Maint. S/W	426,511	480,850	54,339.41 Furlough, Position from Streets & Roads
Health S & W Regular	717,590	752,306	34,715.85 Furlough, Staff reduction offset grant reduction
Animal Reg S&W Regular	114,795	116,783	1,987.93
Recreation S&W Regular	234,674	231,293	(3,381.20) Furlough,
Maint. Parks S & W Regular	549,742	608,927	59,184.89 Furlough,
Police BOE SRO S & W Regular	1,612,000	1,612,000	(0.00) Furlough,
Muni Court S & W Regular	1,110,242	1,047,612	(62,630.48) Furlough, Staff reduction, Overtime reduction
	41,613,407	40,907,487	(705,920.35)







**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)
School Detail/School Resource Officers	Passaic Board of Education	1,612,000	Current
Passaic Valley Water Commission	Sewer Billing	50,239	Current
Passaic Enterprise Zone	City provides Administrative/Financial Services	In Kind	Current
Animal Control	City of Clifton		Current
Health Officer	City of Clifton	22,000	Current
Police Service	Passaic Housing Authority	371,800	Current
Parking Enforcement	Passaic Parking Authority	773,682	Current
Fuel Purchase	Passaic Housing Authority/Board of Education/Library		
Purchasing	New Jersey Cooperative Pricing System		
Purchasing	Cranford Cooperatives Pricing System		
Green Purchases	Rutgers University Cooperative		
Bulk Salt Rock	Passaic County Cooperative		
Recycling	Joseph Smentkowski, Inc	416,059	Current
Collection of Garbage	Waste Management	883,899	Current
Tipping Fees	Advanced Enterprise Recycling	1,566,000	Current
Veterinarian Service	Rutherford Animal Hospital	30,000	Current
Workers Comp	First Managed Care Option	78,000	Current
Workers Comp Administration	D&H Management	59,496	Current
Sewer Services	Hatch Mott McDonald	458,940	Current
Pediatric Services	Tadeusz Jedlinski, MD	30,000	Current
Pediatric Services	Rudulfo Moises, MD	30,000	Current



**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
	The City has already taken measures to offset reduction in State Aid & increased Pension Costs and is as listed					
1	Police	18	July 2010	190	163	\$ 1,566,571
2	DPW	1	July 2010	69	68	\$ 30,888

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

Rank Order	Service	Cost Savings	Impact on Services
1	12 furlough days enacted July 2010	\$440,000	Non Public Safety functions are closed 1 day a month
	The City Council on 9/29/10 accepted the Administration Budget & will consider all tax reduction measures including furloughs & staffing		

## XII. Agreement to Improve Financial Position of Municipality

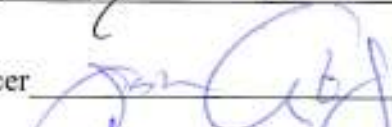
If aid is granted, are you willing to enter into a "memorandum of understanding" that will, among other restrictions and requirements:

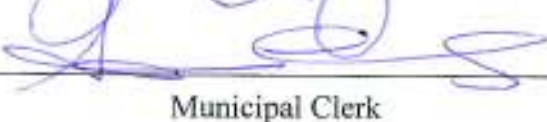
	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations	X	
2. Implement actions as recommended by the Director to address the findings of Division staff	X	
3. Enter into a Memorandum of Understanding	X	

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 9/29/10

ATTEST:  Date 9/30/10  
Municipal Clerk



**KEY IMPROVEMENTS RECOMMENDED**

**Authority Assignment**

**Corrective Action**

**Evidence of Task Completion**

Recommendation No.	KEY IMPROVEMENTS RECOMMENDED	Authority Assignment	Corrective Action	Evidence of Task Completion
09-01	The City maintain a fixed asset accounting and reporting system in accordance with Technical Accounting Directive No. 85-2	Administration/ Purchasing/ Finance	The City will solicit vendors to contract a complete review of all fixed assets, one that will allow for interfacing with the Finance/Purchasing system currently utilized	Finance will contact the software vendor on utilizing the Fixed Assets module for current purchases.
09-02	The Department of Community Development provide the City Treasurer's office the necessary records to properly reflect the balances per the Consolidated Annual Performance & Evaluation report for the City's CDBG and HOME Investment Programs.	Community Development	The Department Director has been notified of the reconciliation deficiency between IDIS and City Financial records.	Community Development staff members continually attempt reconciling receipts and disbursements between HUD IDIS system and City Finance records.
09-03	The inactive delinquent loan receivable balance in the Community Development Block Grant Fund that are deemed to be uncollectable be cancelled of record	Community Development	The Department Director has been notified to monitor CDBG Administration in reviewing the original loan documents and contacting the parties to determinf the likelihood of the loans being collected. The law department will be made aware of the findings and asked for recommendations .	The attorney determined the loan balances may be disposed of.
09-04	With respect to the Municipal Court. a) All outstanding tickets over six months be recalled and reassigned. b) All tickets be assigned in the ATS system	Court	The Municipal Court & Police Department have been notified of the procedural deficiencies and appropriate action is being taken by both Departments to mitigate the findings.	The Municipal Court & Police Department have issued Directives to correct the issue
09-05	The prior year taxes due from NJ Transit be reviewed and cleared of record.	Tax Collector / Assessor	The Assessor, Collector & City Attorney will review the status & prepare a resolution for action by the Council.	The Assessor, Collector & City Attorney will review the status & prepare a resolution for action by the Council.
09-06	Internal controls be enhanced to ensure tax postings entered by the Tax Collector be recorded on the day of the receipt.	Tax Collector	The Collector has added an additional procedure to ensure the correct posting dates are on the verification list	The Collector has added an additional procedure to ensure the correct posting dates are on the verification list.
09-07	A review be made of sewer rates charged by the Passaic Valley Water Commission to ensure all customers are being charged in accordance with the rates established by City ordinance	Finance	Passaic Valley Water Commission has reviewed the accounts in question & made corrections	Passaic Valley Water Commission has reviewed the accounts in question & made corrections
<p><b>Yellow Hi-Lite not resolved</b>  <b>Tan Hi-Lite items are currently under review</b></p>				