

Transitional Aid Application for Calendar Year 2012
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by **February 29, 2012** for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice 2011-39 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 7.

Name of Municipality:	Town of Harrison	County:	Hudson
Contact Person:	Paul J. Zarbetski	Title:	Town Clerk / Attorney
Phone:	(973) 268 – 2447	Fax:	(973) 484 – 4575
E-mail:	pjzarbetski@townofharrison.com		

I. Aid History

List amount of Transitional or former Discretionary Aid (Extraordinary, Special Municipal, or Capital Cities) received for the last three years, if any:

CY 2011	CY 2010	CY 2009
\$4,500,000	\$1,500,000	\$5,300,000

II. Aid Request for Application Year: (All municipalities currently operating under a Transitional Aid MOU are advised that a decrease from prior year funding is likely.)

Amount of aid requested for the Application Year:	\$3,000,000 <i>(\$1.5 in Introduced Budget + \$1.5 Additional)</i>
--	--

If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2011-39

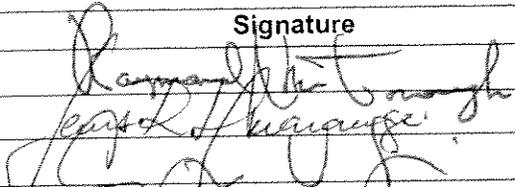
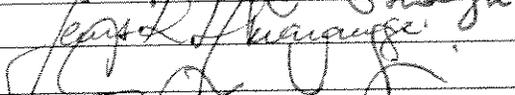
III. Submission Requirements

The following items must be submitted with, or prior to, submission of this application. Indicate date of submission of each.

Item	Date Submitted to DLGS
Prior Year Annual Financial Statement	02/28/2012
Previous Year Annual Audit	11/29/2011
Previous Year Audit Corrective Action Plan	01/17/2012
Application Year Introduced Budget	02/28/2012
Budget documentation submitted to governing body	02/28/2012

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		02/28/2012
Governing Body Presiding Officer		02/28/2012
Chief Financial Officer		02/28/2012

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.

PLEASE SEE ATTACHED LETTER FROM MAYOR RAYMOND J. MCDONOUGH (APPENDIX A).

V-B. Alternate Eligibility

N/A		

Demonstration of Revenue Loss/Substantial Cost Increase			
<p>Complete Part 2 if eligibility was not met in Part 1. Show: (1) extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions, but inclusive of other aid, including payments under various open space State payments in lieu of tax programs), but not as the aggregate of many revenue line items; and (2) or specific, extraordinary increases in appropriations. Describe the item on the cell below each entry. If applicable, indicate in the description of the extraordinary increase in expenditure if the increase was the result of a policy decision made by the municipality (i.e. a back-loaded debt service schedule, deferred payment, costs associated with additional hires, etc.)</p>			
Revenue or Appropriation	2011 Value	2012 Value	Amount of Loss/Increase
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.

PLEASE SEE ATTACHED LETTER FROM MAYOR RAYMOND J. MCDONOUGH (APPENDIX A).

V-D. Discussion of Health Benefits

If your municipality does not use the State Health Benefits Plan for health insurance, fill this section out in its entirety.

1. Identify the company that is the broker of record for health insurance and how long have they served as broker of record? **The Elnert Agency / 19 Years**
2. How much in commissions or fees does the broker of record receive from: (b) the insurance company providing health benefits: **Medical: 1.05% of premium (\$59,845); X: 0.98% of Premium (\$20,720); Dental 10% 1st \$5,000, 4% next \$95,000 and 2% remainder (\$8,700).**
3. As an attachment, have the broker list the provided coverage, and the categories and number of employees in each program. Create a side by side comparison with the State Health Benefits Plan and outline costs.

Please see attached Appendix B

4. Provide a clear and concise explanation as to why the State Health Benefits Plan is not being used and discuss the relative costs of insurance used and the State Health Benefits Plan. (It is advisable for you to share this question with your broker of record and have them fill it out.)

For the last 20-30 years, the Town's collective bargaining contracts have contained a provision that requires the Town to provide to employees certain health coverage (Blue Cross Blue Shield Rider J, 365-day hospitalization coverage, and Major Medical prevailing fee plan). Also contained in the CBAs is a requirement that the Town provide prescription drug coverage from Blue Cross Blue Shield. The co-pays for this coverage have varied over the years, with the current coverage providing for \$5 generic, \$10 name brand and \$20 exotic. The CBAs over the years have also contained language to the effect that retired employees will continue to receive, into retirement, the same coverage that was in effect when they retired.

The preceding clause has presented several obstacles to the Town's desire to enter the SHBP. First, since the SHBP's health coverage is different from the BC/BS coverage specified in the CBAs, it will not pass the "equal to or better" test for the Town to unilaterally change coverage. The same issue applies to the drug coverage—the SHBP co-pay is higher than all of the various co-pays that the Town has had. This means that the unions will have to agree to a contract modification to implement same. While the Town has begun in-roads to changing coverage, an agreement has not yet been reached.

After conferring with DLGS staff, for 2012's renewal (May 1st), the Town will offer NJ Direct 10 as an option that employees can elect, which will hopefully be at a lower cost, thereby saving both the Town and the employee money. Further, the Town is considering implementing one drug plan, all with the \$5-\$10-\$20 co-pay. However, this will most likely generate a legal challenge from the retirees.

The Town is currently working diligently with our broker and the carrier to contain cost increases. For now, the Town is contractually obligated to provide the above-referenced coverage. However, the Town will take all proper steps to transition to the SHBP. In this regard, any assistance and guidance that DLGS can offer will be appreciated.

VI. Historical Fiscal Statistics

Item	2010	2011	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$2.760	\$2.952	\$3.447
Municipal Purposes tax levy	\$13,939,476	\$15,074,485	\$17,264,639
Municipal Open Space tax levy	\$N/A	\$N/A	\$N/A
Total general appropriations	\$42,429,461	\$43,794,610	\$41,210,675

2. Cash Status Information			
% Of current taxes collected	90.69%	93.18%	%
% Used in computation of reserve	95.46%	**90.69%	93.18%
Reserve for uncollected taxes	\$1,336,500	\$454,500	\$2,305,900
Total year end cash surplus	\$16,831	\$213,138	
Total non-cash surplus	\$9,415	\$9,301	
Year end deferred charges	\$N/A	\$365,000	
<i>** First year accelerated tax sale levy.</i>			

3. Assessment Data			
Assessed value (as of 7/1)	\$504,926,507	\$510,590,914	\$500,863,542
Average Residential Assessment	\$139,000	\$140,920	\$140,995
Number of tax appeals granted	29	40	
Amount budgeted for tax appeals	\$75,000	\$125,000	\$125,000
Refunding bonds for tax appeals	\$N/A	\$N/A	\$N/A

4. Full time Staffing Levels			
Uniformed Police - Staff Number	47	46	38
Total S&W Expenditures	\$5,274,045	\$4,595,000	\$4,211,300
Uniformed Fire - Staff Number	52	42	29
Total S&W Expenditures	\$5,360,500	\$4,396,802	\$3,599,500
All Other Employees - Staff Number	110	87	76
Total S&W Expenditures	\$6,516,055	\$5,517,550	\$4,970,490

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			\$500,863,542
Introduced Tax Levy			17,264,639
Proposed Municipal Tax Rate	3.447	Average Res. Value (#4 above)	140,995
Current Year Taxes on Average Residential Value (#4 above)			4,860
Prior Year Taxes on Average Residential Value			4,160
Proposed Increase in average residential taxes			700

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment 1986

B. Proposed Budget – Appropriation 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		
\$3,383,071		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		x
\$6,536,413		
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:		x
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Reserve for Uncollected Taxes	\$454,500	\$2,305,900	\$1,851,400
Debt Service	\$7,228,047	\$7,573,112	\$345,065
Special Emergency / Deferred Charge	\$0	\$73,000	\$73,000
Board of Health O/E (Shared Service Expense)	\$39,000	\$89,000	\$50,000
General Liability Insurance	\$836,604	\$853,336	\$16,732

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

Department/Agency	Position	Number	Dollar Amount
N/A			

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	PLEASE SEE	ATTACHED	PROJECTION	SHEETS	APPENDIX C
Second year	PLEASE SEE	ATTACHED	PROJECTION	SHEETS	APPENDIX C
Third year	PLEASE SEE	ATTACHED	PROJECTION	SHEETS	APPENDIX C

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? If No, list those uncorrected as an appendix (APPENDIX D)		X

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

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

C. 1) Salary and Employee Contract Information (when more than one bargaining unit for each category, use average):

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	2011	2011	2009	N/A
Average percentage increase	**3.125%	**3.125%	3.00%	%
Last contract settlement date	01/01/10	01/01/10	01/01/10	
Contract expiration date	12/31/11	12/31/11	12/31/11	

** Increments for Police and Fire were awarded by the Arbitrator.

2) 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)				
Wage Freezes (describe below)				
Layoffs (describe below)				

PLEASE SEE ATTACHED LETTER FROM MAYOR RAYMOND J. MCDONOUGH (APPENDIX A).

Application Year CY 2012	Municipality: HARRISON	County: HUDSON
--------------------------	------------------------	----------------

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: Date:	1996	
3. On what dates were tax delinquency notices sent out in 2011: Date:	02/25; 05/16; 08/19; 11/14	
4. Date of last tax sale: Date:	12/15/2011 (RED BULLS 02/10/12)	

E. Specialized Service Delivery:

If the answer to either question is "Yes," provide (as an appendix) a cost justification of maintaining the service without changes.

Service	Yes	No
Sworn police or firefighters are used to handle emergency service call-taking and dispatch (in lieu of civilians)		X
The municipality provides rear-yard solid waste collection through the budget		X

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$26,455	Last Year:	**\$52,315	Anticipated Application Year:	\$1,200
-------------	----------	------------	------------	-------------------------------	---------

** 2011 realized one shot interest revenue

2. List the instruments in which idle funds are invested:

New Jersey Cash Management Fund	
Various Approved Checking Accounts	
Various approved Certificates of Deposit	
MBIA	
3. What was the average return on investments during CY 2011?	.010%
4. When was the last time fee schedules were reviewed and updated?	Periodically

G. Status of Collective Negotiation (Labor) Agreements: List each labor agreement by employee group, contract expiration date, and the status of negotiations of expired contracts.

Employee Group	Expiration Date	Status of Negotiations of Expired Agreement
Harrison Civil Service Association	12/31/2011	IN PROGRESS
Harrison Firemen's Benevolent Association	12/31/2011	IN PROGRESS
Harrison Policemen's Benevolent Association	12/31/2011	IN PROGRESS
Harrison Fraternal Order of Police	12/31/2011	IN PROGRESS
Harrison Department Heads Association	12/31/2011	IN PROGRESS
Harrison Fire Chief	12/31/11	POSITION ELIMINATED
Harrison Police Chief	12/31/11	IN PROGRESS

IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased or imposed, and if so, how changes will be implemented; i.e., recreation fees, utility fees, land use fees, construction, housing, and fire code.

Local Revenues and services provided through the General/Current Fund	Check if services is provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the amount of subsidy?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate subsidy.
Recreation programs	<input checked="" type="checkbox"/>	YES	Depends on number/types of programs ongoing each year.	The socioeconomic demographic cannot support charges that will fully subsidize the program.
Sewer Fees	<input type="checkbox"/>	Separate Utility		
Water Fees	<input type="checkbox"/>	Separate Utility		
Swimming Pool	<input type="checkbox"/>			
Uniform Construction Code	<input checked="" type="checkbox"/>	YES		
Uniform Fire Code	<input checked="" type="checkbox"/>	YES		
Land Use Fees	<input checked="" type="checkbox"/>	YES		
Parking Fees	<input checked="" type="checkbox"/>	YES		
Beach Fees	<input type="checkbox"/>			
Insert other local fees below:	<input type="checkbox"/>			

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	2011 Full Time Staffing	2012 Full Time Staffing	\$ Amount to be Saved
	PLEASE SEE ATTACHED LETTER FROM MAYOR RAYMOND J. MCDONOUGH (APPENDIX A).					

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

Rank Order	Service	Cost Savings	Impact on Services
	PLEASE SEE ATTACHED LETTER FROM MAYOR RAYMOND J. MCDONOUGH (APPENDIX A).		

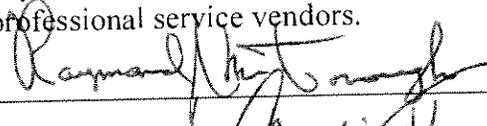
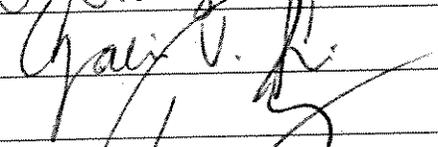
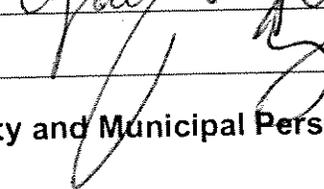
XII. Agreement to Improve Financial Position of Municipality

If aid is granted, the municipality will be required to submit to certain reporting conditions and oversight as authorized by law and a Memorandum of Understanding will need to be signed. Please mark each box below indicating that the applicant understands, and agrees to comply with these broad reporting and oversight provisions.

	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations.	X	
2. Implement actions directed by the Director to address the findings of Division staff.	X	
3. Enter into a Memorandum of Understanding and comply with all its provisions, without exception.	X	

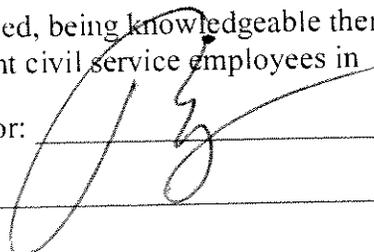
XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality has complied with all the conditions and requirements of the 2011 MOU conditions, including, but not limited to, the following: submission of a Transition Plan, adoption of a pay to play ordinance, receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors.

Mayor:  Date: 2-28-12
 Chief Financial Officer:  Date: 2-28-12
 Chief Administrative Officer:  Date: 2-28-12

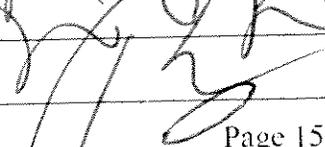
XIV. CAMPS Certification (County and Municipal Personnel System - Civil Service municipalities only)

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

Human Resources or Personnel Director:  Date: 2-28-12
 Chief Financial Officer: _____ Date: _____

XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned acknowledges the foregoing requirements with which the municipality must comply in order to receive aid as outlined above. In addition, included with this application is a copy (printed or electronic) of the budget documentation that supports the budget calculation that was provided to the governing body.

Mayor:  Date: 2-28-12
 Chief Financial Officer:  Date: 2-28-12
 Chief Administrative Officer:  Date: 2-28-12

HARRISON, NEW JERSEY

OFFICE OF THE MAYOR



RAYMOND J. McDONOUGH
MAYOR.

February 28, 2012

DIRECTOR THOMAS NEFF
New Jersey Department of Community Affairs
Division of Local Government Services
101 South Broad Street
PO BOX 803
Trenton, New Jersey 08625-0803

**Re: Town of Harrison - 2012 Transitional Aid Application
Letter from Mayor Regarding Request for Level Funding**

Dear Director Neff:

Pursuant to Local Finance Notice 2011-39 (Section B), kindly accept this correspondence on behalf of the Town of Harrison ("Town") as its "letter from the mayor addressing why [the Town] failed to reduce [its] need for [Transitional Aid] funding". The Town has filed an application for Transitional Aid ("TA") for Calendar Year ("CY") 2012 in the amount of **\$3 million** (\$1.5 million included in the Town's 2012 introduced budget, and an additional \$1.5 million). The principal reasons for the request for level funding is two-fold: 1. the Town is not seeking to refinance its 2012 stadium debt payment of \$3.1 million, which was done for the 2010 & 2011 payments; and 2. the Town's largest taxpayer, Red Bull, has not paid any of its taxes from 2010 to the present, a delinquency of over \$4 million (despite the fact that the NJ Tax Court has ruled that Red Bull is not tax exempt, which is Red Bull's purported reason for its failure to pay).

A quick review of the Town's budget shows that the Town has a revenue problem, not a spending problem. The **Town is \$6,536,413 under the appropriation cap**. Harrison has lost over \$150 million in tax ratables from the decaying industrial area. We are doing our best to cut appropriations even further below the cap and at the same time raise revenues. Harrison's plan is to redevelop 250 acres of that decaying industrial area. That process began in 1998, and has already borne fruit (see below). Due to the 9-11 tragedy (Harrison's main asset is the PATH rail-line that ran to the World Trade Center) and the world-wide drop in the real estate market, it will take a few years more to reap the full benefits of redevelopment. During this time period, Harrison will continue to need TA assistance from the State.

During the last several years, the Town has made tremendous strides towards eliminating the need for Transitional Aid ("TA"), but we are not yet there. Listed below are some examples of the ways the Town is both cutting expenses and raising revenues.

Actions to Cut Expenses

- In 2009, the Town had approximately 227 employees on the books (this number excludes seasonal/non-permanent, hourly, and crossing guard personnel). Currently, we are **down to 143, a reduction of 84 employees or 37%**.¹ This reduction was accomplished through the filing of **two (2) layoff plans in 2010** and **one (1) layoff plan in 2011**, which resulted in the termination or prompted retirement of said 84 employees.² The savings from these reductions amount to approximately **\$5,007,780** per year³ (a reduction in payroll of 28%), which will recur every year.⁴
- 2012 is the 3rd year that the non-police/fire union employees (which includes the Fire Director and Police Chief) have had a zero (0) wage increase. The police and fire unions have agreed in principle to a zero (0) wage increase for 2012.
- In 2011, as a result of the negotiations attendant to the Town's 3rd layoff plan, which targeted a total of 19 police/fire personnel, the Town was able to secure several cost-saving "give-backs", the chief of which was the total elimination of pay-outs for accumulated sick-time in the Fire Dept. This will save the Town thousands of dollars both now and in the future. Other give-backs in the Fire Dept. include a reduction in the number of men off for vacation from 3 to 2, which will save OT, and acceptance of "straight-time" for OT payable ½ in cash in 2013 and ½ in comp time (to be used so as not to create OT), and a one-year deferral of pay raises due to rank promotions. (See Exhibit A). On the police side, the Town received a six-month deferral of pay raises due to promotions, as well as six months of comp time in lieu of OT that can never be cashed out. (See Exhibit B).
- The Town continues to share many services with East Newark (ambulance, street sweeping, plowing/salt-spreading, etc.). In addition, we have just established a shared service agreement whereby Harrison will provide East Newark with all of its public safety dispatching needs for a fee of \$45,000 per year (along with installation of a new camera system in the Harrison police headquarters). We are hoping that this will lead to taking over East Newark's entire police dept. (for a fee), and possibly even complete

¹This number is even more dramatic if you compare 2005 (269) to the 2012 (143), which yields a reduction of 126, or 47%.

²Most dramatically, the Harrison Police Dept. went from 48 sworn officers in 2009 to 38 currently. Further, during that same time period, the Fire Dept. decreased from 52 to 29.

³In 2009, the Town's budgeted amount for S&W was \$17,789,070. S&W in the 2012 introduced budget is \$12,781,290 (-\$5,007,780).

⁴Due to contractual pay-outs for accumulated vacation/personal/sick time, the full savings will not be realized until 2016.

consolidation of the 2 municipalities.

- We continue to share services with the Harrison Board of Education, which is extremely beneficial to both parties.
- The Town's spending is down to bare bones, as is demonstrated by the fact that **Harrison is \$6.5 million below the appropriations cap**. Our fleet is extremely old, and every effort is made to reduce same and not replace anything that is not absolutely essential. Every department has been advised to "make do". Only absolutely essential personnel are replaced.
- Despite the stalling of negotiations with the neighboring town of Kearny to have Kearny take over fire service in Harrison for a fee, the Town is continuing to explore that model with another municipality. This has the potential to **save the Town at least \$2 million annually**.

Actions to Increase Revenue

- As mentioned above, the Town's efforts to redevelop 250 acres of decaying industrial land have begun to pay off.
- The RiverPark Phase I of approximately 170 condos has been completed and all of the units have been sold. This first phase brings in PILOT payments of approximately \$1.2 million annually. Phase II of RiverPark, consisting of 329 units, is before the Planning Board. When completed, it should yield payments of approximately \$2.3 million annually.
- The Harrison Station Project (Phase 1) next to the PATH station opened in 2011, consisting of 275 luxury apartments and 15,000+/- s.f. of retail. The 2012 PILOT revenue from this development is \$276,150. Phase 2, a 136 room hotel will break ground in April, followed by an August start for Phase 3--300 dwelling units with ground floor retail. This will bring increased tax and PILOT revenues.
- Russo Development will break ground in April on 300 residential units, with ground-floor retail and parking on Block C, fronting Red Bull Arena. This will bring increased tax and PILOT revenues.
- Although in the early stages, a major multi-national corporation is moving its R&D base to Harrison, with one of the Town's redevelopers building a 50,000 s.f. facility to suit its needs. The site is currently vacant land bringing in little tax revenue.
- The Hampton Inn hotel has been open for several years and is generating over \$170,000 in revenue from a previously exempt piece of land. This hotel also brings in approximately \$160,000 annually through a hotel/motel tax.

\$160,000 annually through a hotel/motel tax.

- Despite the terrible economy and world-wide economic down-turn, Red Bull Arena was built and opened in March of 2010. This Arena is sparking development in the area and has confirmed the viability of Harrison's redevelopment plan.
- In 2010, Red Bull Arena was assessed and placed on the Town's tax rolls. Despite this, Red Bull has refused to pay, claiming that it is tax exempt. The Town vigorously fought Red Bull, and the NJ Tax Court has recently ruled in the Town's favor, confirming taxable status. Despite this, Red Bull is appealing and has refused to pay. On February 10, 2012, the Red Bulls 2010 and 2011 tax lien (of \$3,675,796.12) was struck off to the Town. In 6 months, the Town will begin foreclosure proceedings. Red Bull is the Town's largest taxpayer, and the effects of non-payment are causing many of the Town's financial difficulties.
- Despite extensive environmental contamination that has resulted in years of delay, the Hartz development is back on track and demolition/remediation has begun.
- Through Harrison's extensive efforts, the Port Authority of NY/NJ is building a brand new state-of-the-art PATH station in Harrison. This station is in the heart of the redevelopment area, and will greatly expand service. This new station will attract more development and supports the viability of the Town's redevelopment efforts.
- The Town has worked with the Hudson County Improvement Authority which has built a 1,440 space garage next to the PATH station. This garage will service the entire redevelopment area and will not only bring in parking tax revenue, but has and will aid building in the area. Again, the garage is a demonstration of the economic viability of the Town's redevelopment efforts.
- Parking meter rates have been increased, as well as all other fees. Periodic review will be ongoing.

Impact of Limited or No Aid Award (Section XI)

As is set forth in detail above, the Town has filed 2 layoff plans in 2010 and 1 in 2011 resulting in 84 layoffs/retirements, including deep cuts to police and fire. The annual savings (as compared to 2009, which will not be realized in full until 2016) is approximately \$5 million. As is also set forth above, the Town is working on consolidation of its Fire Department with a neighboring municipality that will save an estimated \$2 million/year. Other and further cuts/layoffs are being explored.

The Town of Harrison (by this Application) has requested aid in the amount of \$3 million for Calendar Year 2012. If none of the requested aid is received, the Town will essentially have to shut-down. Since Harrison is a Civil Service jurisdiction, any layoffs take an average of 75 days to implement

Director Neff
February 28, 2012
Page 5

employees so that their combined annual salaries and benefits equal \$6 million. That is impossible, as the Town's total for salaries & wages for 2012 is only \$12.78 million. Thus, the effect of no aid in this scenario would result in the Town essentially shutting-down.

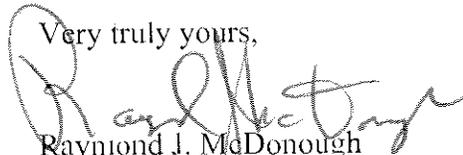
Conclusion

I believe that the Town of Harrison and my administration is doing everything possible to lessen the Town's dependence on Transitional Aid. However, despite these efforts, the Town remains in a difficult financial position and will need significant Transitional Aid for its 2012 budget. In time, our redevelopment efforts will balance the Town's budget and eliminate the need for Aid. The denial of significant Aid for 2012 will be devastating to the Town and its residents.

As always, I welcome any suggestions and guidance that you may have.

Thank you for your attention to this matter.

Very truly yours,

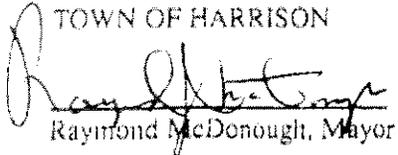


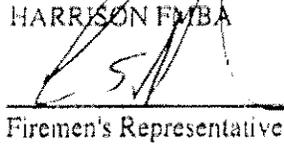
Raymond J. McDonough
Mayor, Town of Harrison

RESOLUTION OF HARRISON PROPOSED FIRE DEPARTMENT
LAYOFF AND DEMOTION

The following establishes the Agreement of the Town of Harrison FMBA:

1. Effective August 1, 2011 the current sick leave payment as terminal leave upon retirement shall be reduced to zero (0). The parties agree this modification shall be included in the parties next Labor Agreement. This change to zero (0) payment may only be modified or changed by mutual agreement or an order of an interest arbitrator. Other payments such as for compensatory time or vacation time shall continue.
2. The number of slots available for vacation on a tour shall be reduced from three (3) to two (2), which shall ordinarily be one (1) Fire Fighter and one (1) Officer. This shall be inserted in the next Labor Agreement and may only be changed by mutual agreement or by order of an interest arbitrator.
- 3.
4. Effective immediately overtime shall be at straight time; half of the earned overtime shall be paid in cash in 2013 and the second half shall be compensatory time that shall be scheduled by the Department in such a manner as to not cause overtime. If compensatory time cannot be scheduled without overtime, it shall not be used and shall not be redeemed in cash. If compensatory time cannot be scheduled in 2013 after the reasonable efforts have been made do to this without carrying overtime, it should be so established thereafter before retirement. This provision shall be inserted in the parties next Labor Agreement. This can only be changed by mutual agreement or an order of an Arbitrator.
5. The Mayor shall appoint Fire Lieutenants; the pay rate shall be \$95,834; Fire Fighters appointed to this rank in 2011 shall receive no pay increase for one (1) calendar year from the time of appointment to the Lieutenant rank; Fire Captains demoted to the rank of Lieutenant shall be paid at the Lieutenant pay rate.

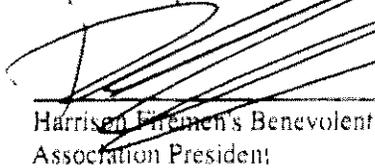
TOWN OF HARRISON

Raymond McDonough, Mayor

HARRISON FMBA

Firemen's Representative

7/6/2011
ERIK HANSMAN


Captain's Representative

HENRY RICHARDS


Harrison Firemen's Benevolent
Association President

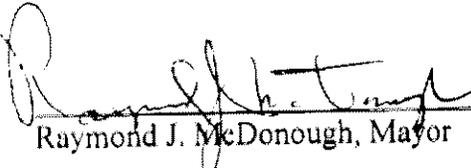
DAVE PERRY

EX. A

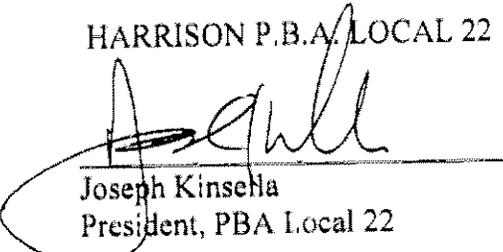
The following sets forth the understanding and agreement between the Town of Harrison and the PBA and FOP. This agreement is void if the State DCA fails to approve such provisions that require this approval.

1. Police Officers who are assigned promotions shall not receive a salary increase to the pay rate of the new higher rank for six (6) months to December 31, 2011.
2. For six (6) months 7/1/11 - 12/31/11 compensatory time shall be given in lieu of overtime cash. No Compensatory Time Can Be Cashed Out Upon Retirement.

TOWN OF HARRISON


Raymond J. McDonough, Mayor

HARRISON P.B.A. LOCAL 22


Joseph Kinsella
President, PBA Local 22

HARRISON F.O.P. LODGE 116


Steve Krushinsky
President, FOP LODGE 116

Dated:

6/29/11

EX. B