

Transitional Aid Application for State Fiscal Year 2014
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by September 30, 2013 for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Division E-mail when preparing this application for specific instructions and definitions, and review the Submission Checklist.

Name of Municipality:		City of Union City		County:	Hudson
Contact Person:		Doug Gutch		Title:	Treasurer
Phone:	201-348-2778	Fax:	201-348-0639	E-mail:	dgutch@ucnj.com

I. Aid History

List amount of Transitional received for the last three years, if any:

SFY 2013	SFY 2012	SFY 2011
\$11,900,000	\$12,000,000	\$11,305,507

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:	\$18,945,000
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If not seeking a decrease, a letter from the Mayor is required. See Division E-mail.

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
2013 Annual Financial Statement	October, 2013
2012 Annual Audit	May, 2013
2012 Corrective Action Plan	August, 2013
Application Year Introduced Budget	October, 2013
Budget Documentation Submitted to Governing Body	October, 2013

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		

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Governing Body Presiding Officer		
Chief Financial Officer		

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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 not raised, how it would substantially jeopardize the fiscal integrity of the municipality.

The City has the highest unemployment rate in Hudson County (13.7% vs. 10.5% for Hudson County). The loss of Transitional Aid would create an unsustainable hardship on the City taxpayers. The extended downturn in the economy and high unemployment has affected homeowners and businesses. Homeowners face the possibility of foreclosure and businesses have and may face bankruptcy.

The City is a high density (the highest in the State) urban community with minimal space available for development. As a consequence the City is reliant on State aid, local taxes and other fees (fees are reviewed annually and revised as appropriate). The City struggles with an on-going structural budget deficit with no sure means of correction. The City continues its efforts to reduce expenditures.

Any further reductions will have a severe negative impact on the fiscal integrity of the City in providing public safety, health and basic municipal services.

The Mayor does not have control over certain budgetary expenditures including:

Group Health Insurance which increased by \$2.4M; and

Salary Increases per Employee Union contract up approximately \$1,900,000;

Revenue reductions from 2013 to 2014 include:

Library Surplus decreased \$500,000;

State Loan \$5M not in budget 2014;

EMS Revenue has decrease \$100,000; and

Reserve for Debt Payment decreased \$500,000; and

The City maintains its revenue, but continues to struggle to fund required budget increases.

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V-B. Alternate Eligibility

NOT APPLICABLE			

Demonstration of Revenue Loss/Substantial Cost Increase

Complete Part 2 if eligibility was not met in Part 1. Show: (1) specific, extraordinary revenue losses, but not as the aggregate of many revenue line items; and (2) specific, extraordinary increases in appropriations, but not as the aggregate of many appropriation line items. 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.)

Revenue or Appropriation	2012 Value	2013 Value	Amount of Loss/Increase
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			

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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. (Items included in a Transition Plan submitted by a current recipient need not be repeated here.)

The City has aggressively sought to control and reduce expenditures. The City’s policy has been not to replace employees who retire, resign or are otherwise terminated, except for positions essential to conduct City business. The City has required employees to assume the responsibilities of terminated employees in order to effect staff reductions. When employees must be replaced, new hire salaries are at entry level, or substantially less than the terminated employee salary. When possible, the City uses part-time hires in order to save on benefit costs.

This policy has enabled the City to reduce full-time budgeted positions from 442 in FY2004 to 373 in FY2013 and it continues to decrease. FY2014 has 348 total full-time positions.

Since January, 2011 ten non-uniform personnel with a combined salary of \$668,000 retired and are not expected to be replaced.

The City continues to aggressively seek grant funding to effect budget cost savings.

In fiscal 2010, the City awarded contracts for solid waste removal, recycling and container services. The current contract results in a \$ 1,980,000 savings over its five year life as compared to the prior contract.

During FY 2012 the City entered into a cooperative purchasing agreement for electricity with the County of Hudson and is currently saving approximately 5%. In FY2013, the City entered into a cooperative purchasing agreement with the County of Passaic for natural gas and is expecting to see a 9% savings in gas costs.

The City has recently centralized its purchasing department in an order to gain better control over expenditures and to obtain more quotes and bid more items in order to attain additional savings. The City will pursue a telephone audit for potential savings as well.

The City is making every effort to control and reduce expenditures. Significant budget items beyond the City’s control include county and regional solid waste dumping fees, group health insurance costs, pension contributions and debt service.

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V-D. Discussion of Health Benefits

In FY 2014 the City's cost of health benefits has increased \$2,500,000 over FY 2013. The City has offered a lower cost health insurance plan to employees to help reduce their out of pocket cost for insurance but also to help reduce the City's cost as well.

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VI. Historical Fiscal Statistics

Item	2012	2013	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$4.00	\$4.251	\$4.36
Municipal Purposes tax levy	\$59,782,800	\$61,767,028	\$64,846,794
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$105,273,480	\$111,512,374	\$111,593,775
2. Cash Status Information			
% Of current taxes collected	98.91%	98.91%	%
% Used in computation of reserve	98.87%	98.91%	98.53%
Reserve for uncollected taxes	\$1,050,000	\$1,100,000	\$1,598,999
Total year end cash surplus	\$0	\$0	
Total non-cash surplus	\$2,211,694	\$2,152,432	
Year-end deferred charges	\$6,133,683	\$4,026,334	
3. Assessment Data			
Assessed value (as of 7/1)	\$1,493,359,069	\$1,487,252,914	\$1,477,629,614
Average Residential Assessment	\$119,200	\$123,000	\$120,913
Number of tax appeals granted	830	1,022	
Amount budgeted for tax appeals	\$0	\$0	\$
Refunding bonds for tax appeals	\$550,000	\$0	\$0
4. Full time Staffing Levels			
Uniformed Police - Staff Number	144	145	145
Total S&W Expenditures	\$18,598,481	\$18,078,392	\$19,110,000
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$	\$	\$
All Other Employees - Staff Number	226	203	203
Total S&W Expenditures	\$11,031,959	\$11,685,088	\$13,604,790
5. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			\$1,477,629,614
Introduced Tax Levy			\$64,846,794
Proposed Municipal Tax Rate	4.38	Average Res. Value (#4 above)	\$120,913
Current Year Taxes on Average Residential Value (#4 above)			\$5,295.99
Prior Year Taxes on Average Residential Value			\$5,116.80
Proposed Increase in average residential taxes			\$179.19

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment 1991

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		
\$2,590,343		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$608,624		
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
Salaries	\$29,349,406	\$32,589,790	\$3,240,384
Group Health Insurance	\$16,544,392	\$18,041,179	\$1,496,787
Garbage Removal	\$4,182,136	\$4,968,000	\$785,864
Salary Adjustment	\$0	\$300,000	\$300,000
General Liability Insurance	\$1,584,866	\$1,825,000	\$240,134

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
First year	66,883,820	30,000,000	12,000,000	34,200,000	77,183,820
Second year	68,883,820	32,000,000	10,800,000	34,800,000	78,483,820
Third year	69,883,820	34,000,000	10,000,000	35,500,000	80,783,820

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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(1)	
If No, list those uncorrected as an appendix.		

(1) RFP for Arbitrage Rebate Calculation is being performed currently;

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	2012	N/A	2008	01/01/05
Average percentage increase	Varies%	%	4.5%	3.5%
Last contract settlement date	12/31/08		01/01/05	
Contract expiration date	12/31/12		12/31/08	

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)				

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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:	October, 2005	
3. On what dates were tax delinquency notices sent out in 2013: Date:	Dec.,Jan.,March, April,May&June	
4. Date of last tax sale: Date:	6/14/2013	

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:

2012:	\$30,874	2013:	\$42,179	Anticipated Application Year:	\$40,000
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2. List the instruments in which idle funds are invested:

New Jersey Cash Management	
New Jersey Arbitrage Rebate Management	
Money Market	

3. What was the average return on investments during SFY 2013?

.30%
2010
Donohue, Gironda & Doria
2000

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

5. The name and firm of the municipality’s auditor?

6. When was the last time the municipality changed auditors?

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
Union City Employees Association	12/31/2008	An agreement was reached.

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 though 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"/>	NO		Give the City population's economic status and the high unemployment level, it is not feasible to charge fees for recreation and pools. Imposition of user fees would preclude use by the population most in need of these services.
Sewer Fees	<input type="checkbox"/>	N/A		
Water Fees	<input type="checkbox"/>	N/A		
Swimming Pool	<input checked="" type="checkbox"/>	NO		SEE ABOVE
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 type="checkbox"/>			The City of Union City Parking Authority operates parking facilities and collects fees for usage.
Beach Fees	<input type="checkbox"/>	N/A		
Insert other local fees below:	<input type="checkbox"/>			

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 Department	North Hudson Fire & Rescue Joint Meeting		2013
Rock Salt	County of Hudson Cooperative Purchasing		2013
Recreation Center	Union City Board of Education		2013
Solid Waste Removal	Union City Board of Education		2013
Gasoline	Union City Board of Education		2013
Swim Pool	Union City Board of Education		2013
Central Maintenance Facilities	Union City Board of Education		2013
Police Services	Union City Board of Education		2013
Crossing Guards	Union City Board of Education		2013
Electricity	County of Hudson Cooperative Purchasing		2012
Natural Gas	County of Passaic Cooperative Purchasing		2012

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	2013 Full Time Staffing	2014 Full Time Staffing	\$ Amount to be Saved
	There is no funding source to cover the shortfall in revenue. Only minimal cuts could be made without affecting essential services.					

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

Rank Order	Service	Cost Savings	Impact on Services

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 is in substantial compliance with the conditions and requirements of the 2013 MOU and is moving in good faith to correct those area of noncompliance that have been identified, including, but not limited to, the following: establishment of a pay to play ordinance; termination of longevity pay for officers and employees not contractually entitled to longevity pay; termination of health benefits for part time officers and employees; receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors.

Mayor: _____ Date: _____

Chief Financial Officer: _____ Date: _____

Chief Administrative Officer: _____ Date: _____

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: _____

Chief Financial Officer: _____ Date: _____

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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: _____

Chief Financial Officer: _____ Date: _____

Chief Administrative Officer: _____ Date: _____