

Transitional Aid Application for Calendar Year 2015
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by March 16, 2015 for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2015-4 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 7.

Name of Municipality:	City of Salem	County:	Salem
Contact Person:	David Crescenzi	Title:	CFO
Phone:	609-420-7976	Fax:	856-935-6360
E-mail:	salemcfo@cityofsalemnj.gov		

I. Aid History

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

CY 2014	CY 2013	CY 2012
\$0	\$0	\$0

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:	\$300,000
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2015-4.

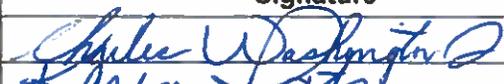
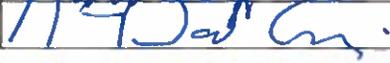
III. Submission Requirements

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
2014 Annual Financial Statement	February 9, 2015
2013 Annual Audit	July 28, 2014
2013 Corrective Action Plan	September 15, 2014
Application Year Introduced Budget	March 2, 2015
Budget Documentation Submitted to Governing Body	January 15, 2015

IV. Application Certification

The undersigned herewith certify that they he or she has reviewed this application and, to his or her knowledge, believe the contents to be accurate true and represent 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		3-10-15
Governing Body Presiding Officer		3-10-15
Chief Financial Officer		3-12-15

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 Attachment "A"

V-B. Demonstration of Revenue Loss/Substantial Cost Increase

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	2014 Value	2015 Value	Amount of Loss/Increase
Receipt from Delinquent Taxes	\$930,000.00	\$663,000.00	(\$267,000.00)
Description:	2013 taxes not sold at 2014 tax sale		
Surplus	\$475,000.00	\$300,000.00	(\$175,000.00)
Description:			
Resource Room Officer	\$87,718.00	\$0.00	(87,718.00)
Description:	Lost contract with school due to shortage of police officers.		
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. (Items included in a Transition Plan submitted by a current recipient need not be repeated here.)

See Attachment "B"

V-D. Discussion of Health Benefits

Skip this section if using SHBP. If not using SHBP, explain why the health benefit plan being used is cheaper, or what reasons exist for failing to move to SHBP. Additionally, list all brokers (primary broker, all co-brokers, and sub-brokers) together with their compensation for the current and prior two fiscal years. Compensation must be disclosed in this section whether provided directly by the municipality or as a commission from the insurance provider. It is the municipality's right, and obligation, to determine whether the broker is compensated with commission in order to fully complete this section. If commissions are being earned, provide both how the commission is calculated (percentage of premium or self-insurance) and the actual \$ value of the commission received in each year.

VI. Historical Fiscal Statistics

Item	2013	2014 <i>v/o Library</i> 1.82	Introduced Application Year 2.094
1. Property Tax/Budget Information			
Municipal tax rate	\$1.812	\$1.851	\$2.121
Municipal Purposes tax levy	\$4,192,699.86	\$4,280,498.80	\$4,750,799.42
Municipal Open Space tax levy	\$NA	\$NA	\$NA
Total general appropriations	\$8,316,388.57	\$8,155,148.15	\$8,143,185.71

*1.96
w/od
1,887*

2. Cash Status Information			
% Of current taxes collected	87.35%	88.13%	%
% Used in computation of reserve	86.05%	87%	87.42%
Reserve for uncollected taxes	\$1,251,985.64	\$1,182,107.57	\$1,179,739.29
Total year end cash surplus	\$580,168.90	\$372,394.87	
Total non-cash surplus	\$0	\$0	
Year end deferred charges	\$0	\$0	

3. Assessment Data			
Assessed value (as of 7/1)	\$231,331,758	\$231,225,330 <i>u</i>	\$223,962,313 <i>u</i>
Average Residential Assessment	\$98,291.00	\$97,652.56	\$96,268.70
Number of tax appeals granted	50	87	
Amount budgeted for tax appeals	\$0	\$0	\$0
Refunding bonds for tax appeals	\$0	\$0	\$0

4. Full time Staffing Levels			
Uniformed Police - Staff Number	15	14	13
Total S&W Expenditures	\$1,805,482.08	\$1,686,603.89	\$1,755,000.00
Uniformed Fire - Staff Number	Volunteer	Volunteer	Volunteer
Total S&W Expenditures	\$0.00	\$0.00	\$0.00
All Other Employees - Staff Number	22	21	20
Total S&W Expenditures	\$1,010,405.62	\$1,010,424.30	\$1,004,228.00

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			\$223,962.313
Introduced Tax Levy			\$4,750,799.42
Proposed Municipal Tax Rate	\$2.121	Average Res. Value (#4 above)	\$96,268.70
Current Year Taxes on Average Residential Value (#4 above)			\$2,041.86
Prior Year Taxes on Average Residential Value			\$1,807.55
Proposed Increase in average residential taxes			\$234.31

*2014 AH
97,727*

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2007

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 | |
| 2. Amount of appropriation cap bank available going into this year | | |
| 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 appropriation cap?
If YES, amount: | | X |

	X	
3.5%		
\$517,567.06		
\$	X	
\$		X
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
In Rem Foreclosures	\$0.00	\$45,000.00	\$45,000
Building and Grounds	\$30,000.00	\$70,000.00	\$40,000.00
Liability Insurance	\$250,000.00	\$263,900.00	\$13,900
PERS	\$137,625.00	\$149,134.00	\$11,509.00
Bond Principal	\$285,000.00	\$296,000.00	\$11,000.00

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	4,450,800	3,392,386	300,000	2,759,228	3,021,738.70
Second year	4,641,000	3,500,000	200,000	2,765,000	3,082,175.00
Third year	4,732,000	3,650,000	100,000	2,770,000	3,143,900.00

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 not, be prepared to discuss why not in your application meeting.		

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	2013	Volunteer	2014	2012
Average percentage increase	1.5%	0%	2%	1.5%
Last contract settlement date	4/20/12	Volunteer	12/29/11	
Contract expiration date	12/31/13	Volunteer	12/31/14	

2) Explain, if any, actions that have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)	No	No	No	No
Wage Freezes (describe below)	Arbitration	Volunteer	Yes	Yes
Blue Collar Union negotiations has ceased, will approach about 2015 salary freeze				
Layoffs (describe below)	Yes 1	Volunteer	Yes 1	Yes 1 PT
Housing Officer and Police Secretary terminated for cause, convicted by jury in both cases. City not replacing.				

Application Year: CY 2015	Municipality: Salem City	County: Salem
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D. Tax Enforcement Practices:

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by December 31, if included in 2014 budget? If not, please include a letter from the tax collector explaining why he/she failed to complete the sale in a timely manner and what the impacts were on cash flow and lost investment earnings.		
2. When was the last foreclosure action taken or tax assignment sale held: Date:	April 15, 2013	
3. On what dates were tax delinquency notices sent out in 2014: Date:	3/15, 6/20 & 12/15	
4. Date of last tax sale: Date:	July 23, 2014	

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:

2013	\$565.07	2014	\$59.00	Anticipated Application Year:	\$0
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2. List the instruments in which idle funds are invested:

Checking Accounts	

3. What was the average return on investments during SF2014?

	.01%
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4. Left Blank Intentionally

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

Bowman and Co.

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

Jan. 1, 2004

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
Police FOP	12/31/2013	Binding Arbitration
Blue Collars Association	12/31/2014	In Negotiations. On Hold for TA Aid application.

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

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

Rank Order	Service	Cost Savings	Impact on Services
1	Street Sweeping	25,000	No longer engage use street sweeper on weekly basis.
2	Recreation	5,000	Reduce free programs, Basketball currently in session

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 new 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.	✓	
2. Implement actions directed by the Director to address the findings of Division staff.	✓	
3. Enter into a new Memorandum of Understanding and comply with all its provisions, without exception.	✓	

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 2014 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: 3-10-15
 Chief Financial Officer:  Date: 3-12-15
 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: 3-12-15

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: Charles Washington Date: 3-10-15
Chief Financial Officer: T. De G. Date: 3-12-15
Chief Administrative Officer: _____ Date: _____

ATTACHMENT A -- SECTION V-A
“EXPLANATION OF NEED FOR TRANSITIONAL AID”

Salem City is facing a financial crisis for CY 2015, with the following being the main contributors to the problem:

A. Salem is Facing a Cap Problem. As introduced, Salem’s budget represents a \$0.27 cent increase. This represents an increase of approximately 11.42% over Salem’s 2014 tax levy. Obviously this far exceeds the 2% cap that our legislature has approved as reasonable for local taxpayers to bear, however due to a technicality Salem is actually under cap. This technically results from a 2012 settlement of over a million dollars with the gas company relating to an environmental claim. Salem booked the settlement as MRNA/surplus and used the cash to pay down existing debt (in 2012 the City received no BAN bids and before the pay down with the settlement proceeds, had to negotiate with a bank to hold the BAN). Applicable rules allow for the “banked” surplus to be used against the cap for 3 years (in this case 2013-2015).

B. Salem has Suffered a drastic Reduction in Tax Assessed Valuation. Real estate values in Salem City have plummeted. Most houses can’t even be sold. We have had sales of \$900 for a single family home! Hundreds of homes have literally been abandoned and Salem has been able to deal with only a fraction of these in terms of placing them on the abandoned property list, boarding up, or any other action. The ratio of assessed valuation to actual market value as determined by the Salem County Board of taxation is now approaching 150%! In 2014 tax appeals filed with the County of the Tax Court approached 5% of the total tax line items, and the lopsided ratio and the data from actual sales has all but erased the “presumption of correctness” normally given to the assessed valuation in such appeals. Appeals relating to commercial ratables are even more damaging to Salem’s economic viability. In one of the larger commercial appeals (the PSE&G Nuclear office campus) Salem narrowly avoided a massive refund liability but had to settle for a going forward assessment reduction from \$11,031,700.00 to: \$8,500,000.00 in 2015; \$7,500,000.00 in 2016; and \$6,554,200.00 in 2017. An overall reduction of nearly \$4.5 million dollars!

Since 2008 (last revaluation) net valuation taxable of Salem real estate has decreased \$29,890,231.00 (2008 value - \$253,852,544 - 2015 value \$223,962,313 The result is that if Salem has a 0 dollar increase in spending for 2015 it will nevertheless experience a 7 cent tax increase!

C. Salem is No Longer Able to Effectively Sell its Tax Lien Certificates. Based on the plummeting real estate values, high crime, above average poverty rate and other factors, investors are no longer buying tax lien certificates in Salem. Based on past experience, Salem anticipated \$930,000.00 for tax collections in its 2014 budget, but only collected \$663,711.67. This was mainly due to the complete lack of interest among investors who normally attend Salem's tax lien sales and purchase those certificates. At the last lien sale only two buyers even showed up! As a result the number of liens unpurchased and therefore held by Salem has skyrocketed! This creates a "triple negative" consequence for Salem: (i) it is not getting paid and adds to its cash flow problems; (ii) it nevertheless has to pay the school and the county; and (iii) Salem must decrease the amount anticipated for delinquent taxes in the current budget, thus increasing taxes and thereby causing additional defaults and property abandonment. It's a death spiral.

D. Ardagh Glass Factory Closure. Ardagh Glass (formerly known as Anchor Glass) was Salem largest employer, largest tax ratable and largest water/sewer customer. In August of 2014 Ardagh announced it would: close operations in October; lay off its entire workforce (approximately 250 jobs); and mothball its nearly 100 year old ailing Salem factory. The news was a complete shock to the entire County and the State who had less than a year earlier approve a multimillion dollar grant for Ardagh to replace one of the massive glass furnaces. The City immediately contacted the Lieutenant Governor's "Business Action Center Task Force", but all of the efforts were to no avail. The entire workforce was let go in October 2014. This was a crushing blow to Salem. Business interest in the downtown dropped to an all time low, many established businesses just closed, including the iconic Salem City Café...not sold...just closed. We are awaiting Ardagh's filing of a tax appeal... we will not be able to survive it. Yet even with these devastating effects, the immediate blow will be to Salem's utility budget...Ardagh alone constituted approximately 10% - 15% of the water/sewer revenue.

E. The Water and Sewer Utility is under extreme financial stress. In the past 20 years, Salem's Water and Sewer Utility has functioned in a fiscally self-sustaining manner. In order to offset administrative oversight and other management expenses (indirect costs), Salem had withdrawn reasonable amounts of funds from the Water and Sewer budget into the taxpayer Current

Fund budget. In mid-2012 Salem completed construction of a new Water Plant with grant/loan funding through the NJEIT administered stimulus program. Shortly thereafter it was realized that the Water Plant cannot function as intended and Salem will probably be forced to initiate costly and protracted litigation. The flaws in the new Water Plant have also caused the Water and Sewer Department overtime budget to skyrocket. The Water and Sewer Fund presently has only \$222,000 in cash surplus, the prospect of the taxpayer budget having to subsidize the utility budget is arising.

F. Finlaw Building Deficit. The Finlaw Building Redevelopment Project was a cooperative effort by the State, the Salem County Improvement Authority ("SCIA") and Salem City to redevelop a massive multi-story brick structure of historic significance located in the heart of Salem's downtown which had been abandoned, was in danger of collapse and had been acquired by Salem City through tax foreclosure into a modern day office building (with parking garage facilities across the street) for use by the State as the MVC facility for Salem County as well as housing a number of other state offices including DYFS, Public Defender, etc. as well as executive offices for SCIA in the basement. The project was financed through the issuance of \$19.5M in bonds through SCIA which were backed by the unlimited guaranty of Salem City all of which had been approved by the State Local Finance Board ("LFB").

After construction was completed and the State/SCIA took occupancy in 2009 it became apparent that the rental income was insufficient to pay the expenses of the building and amortize the debt service. This along with deficits that had arisen as a result of construction delays, cost overruns and protracted litigation with the contractor/architect, caused withdrawals from the Debt Service Reserve Fund which caused Moody's and other financial rating services to downgrade Salem City's credit rating to "junk bond status" (Ba3). As a result Salem could not successfully convert its outstanding BAN's into bonds and was facing default on existing BAN's until the LFB approved Salem's participation in the State Qualified Bond Program. Although that crisis was averted, Salem cannot successfully raise capital through BAN's or bonds ... it is not even able to finance the purchase of a new ambulance, fire truck or necessary infrastructure improvements.

In Moody's most recent report they stated "Salem has taken on a liability which is disproportionate to the City's size and ability to pay, which is reflected in the very high debt burden of 14.5% of equalized value". Additionally a recent Rutgers University study listed Salem as having the third highest property tax

burden in the State. Finally, numerous articles have listed Salem as within the top 20 municipalities in the US likely to become bankrupt. The poverty rate is far above the State average.

In CY 2012, after meetings with DLGS, Salem was directed to begin appropriating funds in its tax payer budget as necessary to fund the projected deficit on payments due on bonds. Although the utilization of the budgeted taxpayer funds has prevented further "material negative event" notices, Moody's has not increased the City's credit rating because the project has not achieved self-sustaining status. The debt service in the CY 2015 Budget is \$70,000.00, however appropriations since CY 2012 have totaled \$435,000.00... almost 17 cents added to the tax rate. Salem needs assistance in inducing the principal tenant in the building (e.g., the State of New Jersey) to increase the base amount of the rent so that the project can become self-sustaining.

ATTACHMENT B -- SECTION V-C
“ACTIONS TO REDUCE FUTURE NEED FOR AID”

A. Salem believes that it can stem the tide of property abandonment and increase real estate values by receiving temporary Transitional Aid through this application. The temporary aid will allow the City to move forward with the implementation of three important projects that are expected to have an almost immediate beneficial impact. These projects are as follows:

(i) Nelson House / Washington Hall Condominium Homeownership Project. This project will result in 30 new condominium homeownership units being constructed in two historically significant structures in the downtown area. The project is being funded by the NJHMFA CHOICE Program, with a closing expected open in the third quarter of 2015. This will result in 30 new taxpayers and 30 new water/sewer customers (in addition to the restoration of a significant downtown structure). Without the Transitional Aid supporting a crisis management plan for Salem, the ability of the Developer to sell these condominium units will be jeopardized.

(ii) NRTC - an application filed under the Neighborhood Revitalization Tax Credit (“NRTC”) Program administered by NJDCA. In 2013 Salem did receive funding of \$1,000,000.00 and is eligible to receive funding for up to an additional four years. Salem was reapproved by NJDCA for another million for 2014 but no investors stepped forward to purchase the tax credits to fund it. The Transitional Aid will help us maintain our abandoned property program while we apply again for the 2015 cycle. This would provide nearly \$500,000.00 in funding for demolition, restoration and neighborhood support programs in the target area.

(iii) DRBA Ferry Project - The City finalized an agreement with the Delaware River and Bay Authority (“DRBA”) to have its 89 passenger Ferry shuttle tourists from Delaware City, Delaware to Salem’s historic town center twice a day, 5 days a week (including Saturday and Sunday), all summer long. We haven’t been able to support the DRBA’s efforts in this regard and are in danger of losing the Ferry.

B. Transitional Aid will allow Salem time to remedy its new Water Plant and reactivate discussions with adjacent municipalities to provide much needed additional water to them. As a result of the problems with the Plant one such discussion was put on hold, and that transaction alone was estimated to be a source of \$250,000.00 per year in additional water revenue.

C. Transitional Aid would allow the City to maintain a somewhat normal tax rate while the next step of correcting the Finlaw Building project's fiscal problems are addressed. The City, with the help of the Lieutenant Governor's Office, is attempting to explore the refinancing of the bonds, while at the same time increase the rent paid by the State to match the debt service as was originally intended. The City has already induced the County of Salem to drastically increase its rent for the small portion of the basement of the building it rents, and hopes that the State will follow suit. The City believes that the granting of transitional aid will be another sign to Moody's and the financial community in general that the fiscal problems will be corrected in a permanent manner.

D. Transitional Aid would also allow the City to maintain a somewhat normal tax rate while we are foreclosing on the tax lien certificate that Salem has come to own. The immediate benefit will include redemption of liens that will help with the delinquent tax collection problem. Liens taken to final judgment will reduce liability to the county and school, and will give Salem an inventory of properties to be auctioned.

E. Salem has one of the State's few fully capped landfills, constituting over 25 acres of usable land in the City's "Port Area Redevelopment Zone". The City has partnered with the NJ State Agency known as "South Jersey Port Corporation" in an attempt use the port area, including the federally granted Foreign Trade Zone ("FTZ"), to generate new revenue for the City budget.

F. The City has already implemented many cost cutting measures, such as: elimination of Deputy Municipal Clerk position; elimination of Construction Code Department in favor of a shared services with NJDCA; new and reduced shared services agreement with the County of Salem for police dispatching services; shared services agreement with County YMCA and School District to eliminate City Pool recreation expenditure; shared services agreement for sewer maintenance with Quinton Township; towing fee ordinance; elimination of unemployment for school crossing guards; and sale of North Bend Firehouse. The City will continue with cost cutting measures and has just recently implemented a layoff of administrative staff in the Housing Department and Police Department. We are also continuing to pursue solar on our closed Landfill and Municipal Court debt collection agency contracts.

G. Although the City has and will continue to pursue cost cutting and shared services savings, it is clear that the present crisis does not result from over expenditure, but from a revenue and collection problem. The award of Transitional Aid therefore will have a profound beneficial impact and in keeping with the goals of the program be temporary in nature.