

Transitional Aid Application for Fiscal Year 2017
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by November 4, 2016 for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2016-16 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 7.

Name of Municipality:		City of Paterson		County:	Passaic
Contact Person:		Nellie Pou		Title:	Business Administrator
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I. Aid History

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

SFY 2016	SFY 2015	SFY 2014
\$25,000,000	\$25,000,000	\$23,000,000

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:	\$25,250,000
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2015-19.


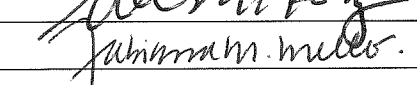

III. Submission Requirements

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
2016 Annual Financial Statement	November 10, 2016
2015 Annual Audit	June 14, 2016
2015 Corrective Action Plan	November 10, 2016
Application Year Introduced Budget	November 9, 2016
Budget Documentation Submitted to Governing Body	October 25, 2016

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 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		11/10/16
Governing Body Presiding Officer		11/10/16
Chief Financial Officer		11/10/16

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.

CITY OF PATERSON INTRODUCES ITS SFY 2017 BUDGET WITH SIGNIFICANT ANTICIPATED SURPLUS OF \$11,425,000

For the first time in more than half a decade, the City of Paterson introduced its annual budget with anticipated surplus. This, however, is a double-edged sword. First, it is a one-time revenue available this year due to the extraordinary collections of property taxes during SFY 2016 from special assignment tax sales. Secondly, using almost all of the surplus generated in this fiscal year while having simultaneously reduced the annual municipal tax levy by almost \$6 million might not provide for a repeat performance of generating a similar amount of surplus at the end of SFY 2017, even if the City conducts special assignment tax sales.

Still, the City is planning for similar tax sales, with the initial sale scheduled for early January 2017. In order to bolster the attraction to the inventory for sale, the City is preparing the legal framework to allow for special types of redevelopment of the in-rem tax certificates. The objective is to accelerate the property's return to the current tax collection status while also successfully rehabilitating the many blighted areas and neighborhoods that exist throughout the City. Currently, we anticipate to generate SFY 2017 tax revenues of approximately \$4 million to \$7 million over and above normal tax collections for the year.

As the City began SFY 2017, we faced a \$21 million gap between our anticipated revenues and our expected appropriations over last year (see list at end). Adding to that the cost of operations that are partially funded by our Transitional Aid grant, the gap actually totaled \$46 million. Our taxpayers are at their wits end. They made their objectives very clear to the Mayor and Governing Body during the last taxing cycle.

“DON'T RAISE OUR PROPERTY TAXES ANY MORE!”

With that directive, the Municipal Council made it very clear to the Administration that we would honor the demand with a specific tax levy in mind. A negotiation process ensued, and the City settled on raising a municipal tax levy of \$148,280,705.

Again, this ends up being a double-edged sword: the reduction in the levy creates a reduction in income, without a corroborating, direct reduction in spending from last year's levels, and, the property taxes actually collected will be less than the same period collected during SFY 2016. Essentially, this becomes a one-time tax relief opportunity.

Implementing both of these revenue oriented options may create a structural gap in the budget process for SFY 2018. We have considered this a very real potential outcome and believe that the SFY 2017 budget has been designed to provide for the actual and true operational costs so as to avoid surprises at the end of the fiscal year. Our revenues, as anticipated, are conservative and are expected to be fully or over-collected. Our goal is to generate additional fees in ambulance, sewer and Court operations.

Our appropriations have been scoured throughout, with particular attention to the large cost centers: Police, Fire, Public Works and Insurances. Suffice to say that our budget has paid careful mind to controlling the positions within each of the departments and provided for the essential and necessary positions required to maintain the integrity of any grant specifications.

All of this explanatory detail is presented in order to ensure that the Division understands just how seriously the City's need is to maintain the receipt of the Transitional Aid grant in the amount of \$25,250,000 for SFY 2016.

We have taken every available step and left no idea off the table as irrelevant. We met with the Division and reviewed our initial plan to support the SFY 2017 budget, with the mandate to reduce the tax levy to no more than \$149,280,705. We went back to our desks and prepared the SFY 2017 budget document, which was introduced and approved on November 9th.

Application Year: SFY 2017

Municipality: City of Paterson

County: Passaic

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	2016 Value	2017 Value	Amount of Loss/Increase
Description: Capital Surplus	\$3,056,111	\$0	(\$3,056,111)
Not available in SFY 2017			
Description: Fed & State Grant I/F	\$1,263,728	\$0	(\$1,263,728)
Not available in SFY 2017			
Description: Delinquent Taxes	\$5,492,600	\$4,800,000	(\$ 692,600)
Actual SFY using formula			
Description: Municipal Taxes	\$154,637,232	\$149,280,705	(\$5,356,527)
Policy decision to reduce tax levy			
Description: Police Salaries	\$41,753,764	\$43,845,613	\$2,091,849
7 year Contract with 2 year retro increases (1/3 in FY 17)			
Description: Fire Salaries	\$32,158,202	\$38,961,469	\$6,803,267
7 year Contract with increases			
Description: TOTAL INCREASED COSTS			\$19,264,082

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.)

Ways in which to reduce or mitigate increases in the following top 15 costs:

(Source: FY17 Introduced Municipal Budget)

1. **Health Insurance (\$50,000,000)** review and compare terms of coverage under the State Health Benefits Program, i.e., co-pays, deductibles, coverages extended to dependents, waivers, etc. for purpose of changing **SAVE \$.9k**
2. **Police Salaries (\$43,845,613)** review TO and compare to staffing levels every 1st of month, firm up OT needs in support of Muni Court attendance {need to change processes used by both depts.}, bi-weekly reports to Police Director of PD staff on WC leaves to control loss of service and OT costs as a result of filling in shifts. Establish means to corroborate with NJ PERC office to identify new trends in benefits/payroll/steps for future contractual negotiations. **SAVE \$.8k**
3. **Fire Salaries (\$38,961,469)** review TO and compare to staffing levels every 1st of month, firm up OT costs due to out of title work, bi-weekly reports to Public Safety Director of FD staff on WC leaves to control loss of service and OT costs as a result of filling in shifts, contracts to be re-negotiated with major give backs from new hires. Establish means to corroborate with NJ PERC office to identify new trends in benefits/payroll/steps for future contractual negotiations **SAVE \$.5K**
4. **PFRS Contribution (\$17,728,459)** fixed costs, subject to promulgation by State
5. **Debt Service (\$17,000,010)** reduce short term notes outstanding by issuance of bonds **SAVE \$.5K**
6. **PVSC (\$11,513,488)** fixed costs, calculated by PVSC
7. **Solid Waste Disposal (\$9,183,760)** utilize inspectors to ascertain that only Paterson waste is picked up, hauled, and charged to City. Using technology and instant communications, design a plan and implement. **SAVE \$.3K**
8. **Workers Comp Insurance (\$4,900,000)** need to use the Insurance Fund Commission every month, and monitor case load, costs and inspections. Control of the case from inception to final payout is key. Trends will develop and assist in the monitoring process. **SAVE \$.6K**
9. **PERS Contribution (\$3,303,932)** fixed costs, subject to promulgation by State
10. **Street Lighting (\$3,300,000)** convert to LED technology. Possible grant application to support partial costs, funded by capital ordinance for the balance. **SAVE \$.4K NET**
11. **Heath Division SW (\$2,265,439)** look to establish Shared Service Agreements for some offsetting of costs, review TO and compare to actual staffing levels. **SAVE \$.1K**

12. Liability Insurance (\$2,100,000) Use the Insurance Fund Commission to monitor case load, costs and inspections. Control of the case from inception to final payout is key. Objectives include Trend Analysis to develop and assist in the monitoring process. **SAVE \$.4K**

13. Social Security Costs (\$1,936,244) reductions in OT will impact **SAVE \$.1K**

14. DPW, Division of Recreation SW (\$1,761,819) need to review all programs and operations conducted during year and examine the payroll positions for accuracy in reporting hours worked each pay period. Maintain the levels established in SFY 17. **SAVE \$.1K**

15. Community Improvements SW (\$1,572,721) review TO and compare to staffing levels every 1st of month, firm up replacement hiring to ensure code enforcement revenues are generated **SAVE \$.1K**

TOTAL SAVINGS PROJECTED OF \$4.8 MILLION

ALMOST 20% OF SFY17 TRANSITIONAL AID REQUEST

The City's Administration will take the necessary actions in order to initiate a new management skill-set that will provide each employee with specific knowledge to accomplish the fiscal objectives. These will include:

- 1. LEADERSHIP STAFF (Departmental and Statutory Agency Heads)– TRAINING AND OWNERSHIP**
- 2. SUPPORT STAFF (Divisional and Key Employees) – TRAINING AND OWNERSHIP**
- 3. TRAINING INCLUDES SELF-STUDY OBJECTIVES, AS WELL AS INSTITUTIONAL LEARNING (i.e., Formal seminars, software systems)**
- 4. MANAGEMENT AND STAFF MEETINGS TO ADDRESS CONCERNS, ABILITIES AND PROGRESS OF FACTORS**
- 5. REGULAR REPORTING OF PROGRESS, OR LACK THEREOF, BY LEADERSHIP AND SUPPORT STAFF**

IN LIEU OF PROGRESS REPORTS, LEADERSHIP AND SUPPORT STAFF WILL PROVIDE ALTERNATIVES TO MEET A STANDARD OBJECTIVE TO CUT COSTS. THESE ALTERNATIVES WILL BENEFIT UNUSAL CIRCUMSTANCES, SUCH AS SOFTWARE IMPLEMENTATION PROJECTS WHICH ARE SUBJECT TO EXTERNAL TIME CONSTRAINTS.

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.

1) Attributes of the City of Paterson's Health Benefits Programs

There are three major components that must be considered when comparing the City of Paterson self-insured medical and prescription program to the SHBP:

- 1) Medical, dental and prescription drug plan design for the three categories of those covered:
 - a. Active employees (1,384 contracts)
 - b. Early retirees (383 contracts)
 - c. Regular retirees (741 contracts)
- 2) Collective Bargaining Contracts and Personnel Policy Manual (governance)
- 3) Budgetary Funding

When comparing the net SHBP premium costs to the City of Paterson's self-insured net projected costs and premium equivalents for the SFY 2017 medical, dental and prescription programs, the SHBP does present an initial cost savings. Approximately \$1 million of the savings is the direct administrative fees paid to Horizon (\$850,432) and third party administrative fees paid to Brown and Brown (\$160,000).

The cost comparison revealed that the City's aggregate projected, self-funded cost is roughly \$1.7 million higher than the SHBP Horizon Direct 10 plan, including the costs for Medicare-eligible retirees.

In an attempt to control the health insurance cost, the City of Paterson has made several changes to the medical and prescription drug programs in 2015 & 2016. These include:

- Pre-certification for certain medical procedures
- Mandatory generic utilization without medical-necessity substantiation for brand-name drugs
- Step therapy for certain classes of drugs
- Mandatory specialty pharmacy utilization
- Dependent eligibility audit to ensure proper participation

Beginning SFY 2017, the City successfully negotiated with all collective bargaining units for the elimination of enrollment into the Traditional Plan for all active employees. We also note that the early retiree costs are on the decline due to the migration of retirees from the Traditional Plan into the PPO. A reduction in early retiree membership and plan cost was noted in SFY 2016, as members approach Medicare eligibility and convert to the City's Medicare Advantage program.

2) Impact of the move to the SHBP on collective bargaining units

The SHBP does not offer medical and prescription drug plans that meet the "equal to or better than" stipulations in the collectively bargained contracts with the City of Paterson union employees. It also does not offer a Traditional Plan that is needed to satisfy contractual union obligations to retired employees. Even the highest PPO plan offered in the SHBP, the Direct 10 Plan, does not have comparable prescription drug benefits or out-of-network benefits to those offered in the current City of Paterson medical, dental and prescription drug plans.

3) Financial

Since the City of Paterson is self-insured, there are other costs to be considered in addition to the premium cost of SHBP participation. Paterson must also factor in the cost of terminating its self-insured benefit plan. These costs include:

- Run-out claim liability estimated between \$7.5mm and \$8mm based on two months of claims.
- Unpaid medical and Rx claim bills of approximately \$2.5mm - \$3mm
- Potential grievance procedures and costs filed by Paterson's unions

The City of Paterson currently utilizes Brown & Brown and IMAC as a consultant instead of a broker for medical, prescription and dental benefits. The City of Paterson entered into a contract for an annual flat fee in the amount of \$160,000. The flat fee is paid by the City of Paterson to the consultant on a monthly basis.

VI. Historical Fiscal Statistics

Item	2015	2016	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$2.563	\$2.640	\$2.782
Municipal Purposes tax levy	\$145,637,232	\$154,637,232	\$149,280,705
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$252,613,745	\$276,532,831	\$274,931,166
2. Cash Status Information			
% Of current taxes collected	92.85%	97.88%	%
% Used in computation of reserve	94.19%	92.85%	95.7206%
Reserve for uncollected taxes	\$13,556,033	\$15,663,522	\$10,382,273
Total year end cash surplus	\$274,231	\$11,677,471	
Total non-cash surplus	\$133,719	\$120,499	
Year end deferred charges	\$4,395,000	\$13,999	
3. Assessment Data			
Assessed value (as of 7/1)	\$5,674,570,600	\$5,756,156,146	\$5,756,156,146
Average Residential Assessment	\$192,681	\$192,500	\$192,500
Number of tax appeals granted	277 (595 appeals filed)	492 (667 appeals filed)	
Amount budgeted for tax appeals	\$0	\$0	\$0
Refunding bonds for tax appeals	\$0	\$2,079,749	\$0
4. Full time Staffing Levels			
Uniformed Police - Staff Number	403	403	419
Total S&W Expenditures	\$41,998,081	\$41,753,764	\$43,845,613
Uniformed Fire - Staff Number	340	372	372
Total S&W Expenditures	\$30,040,719	\$32,158,202	\$38,961,469
All Other Employees - Staff Number	834	887	807
Total S&W Expenditures	\$30,066,121	\$27,923,410	\$28,639,556
5. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			\$5,756,156,146
Introduced Tax Levy			\$149,280,705
Proposed Municipal Tax Rate	\$4.15	Average Res. Value (#4 above)	\$192,500
Current Year Taxes on Average Residential Value (#4 above)			\$7,988.01
Prior Year Taxes on Average Residential Value			\$8,056.63
Proposed Increase in average residential taxes			(\$68.62) decrease

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment 2015

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		
\$6,183,795		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$2,422,561		
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
Fire Department Salary & Wage	\$32,158,202	\$38,961,469	\$6,803,267
Police Department Salary & Wage	\$41,753,764	\$43,845,613	\$2,091,849
Solid Waste	\$7,135,867	\$9,183,760	\$2,047,893
Health Insurance OE	\$48,528,278	\$50,000,000	\$1,471,722
Total Debt Service	\$15,595,898	\$17,000,010	\$1,404,113
Snow Storm Reserve	\$0	\$700,000	\$700,000

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	156,813,075	118,704,535	24,505,000	101,835,376	173,682,234
Second year	152,897,007	99,314,580	21,850,000	102,104,871	150,117,440
Third year	145,302,249	100,423,485	23,000,000	100,949,003	144,776,731

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
	FY 2017	FY 2017	FY 2017	FY 2011
Year of last salary increase				
Average percentage increase	1.36%	1.055% to 1.35%	2%	2%
Last contract settlement date	6/30/2012	6/30/2011	3/30/2011	
Contract expiration date	7/31/2019	6/30/19 and 7/31/19	6/30/2019	

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)				
Furloughs implemented throughout the City in SFY 2011 and 2012 produced immaterial cost savings and major productivity disruptions. Additional consideration was discussed during the setting of the FY 17 preliminary tax levy and the final determination was made that the erosion of services coupled with the disruption in weekly productivity was too costly overall.				
Wage Freezes (describe below)				
The City successfully negotiated give backs of wage freezes and elimination of certain retroactive wage payouts.				

Application Year: SFY 2017	Municipality: City of Paterson	County: Passaic
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Layoffs (describe below)

There are no layoff plans considered for SFY 2017. The City instituted a massive layoff of Police and others in SFY 2011. Additionally, the City receives two major Federal grants – the SAFER grant for Fire Personnel and the COPS grant for Police Personnel. The terms of the grant agreements mandate that the table of organization levels remain intact for the duration of the grant agreements, respectively.

D. Tax Enforcement Practices:

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by June 30, if included in 2016 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.	X	
2. When was the last foreclosure action taken or tax assignment sale held: Date:	6/22/2016	
3. On what dates were tax delinquency notices sent out in 2015: Date: 6/2/2015 and 6/8/2015 and 9/14/2015 and 12/14/2015		
4. Date of last tax sale: Date:	6/23/2016	

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:

2015	\$13,238.04	2016	\$27,826.71	Anticipated Application Year:	\$27,431.26
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2. List the instruments in which idle funds are invested:

Cash Management Fund	
Money Market Accounts	

3. What was the average return on investments during SFY2016?

0.25%

4. Left Blank Intentionally

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

Donohue, Girona & Doria,
CPAs

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

2002. RFPs are used to solicit

Application Year: SFY 2017	Municipality: City of Paterson	County: Passaic
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each year. Lowest responsible is awarded

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.

	Expiration	Status of Negotiations
Employee Group	Date	of Expired Contract
SOA/Superior Officers Association	7/31/2019	Settled 5/16/2016
POA/Police Benevolent Association	7/31/2019	Settled 5/16/2016
Fire Battalion Chiefs	7/31/2019	Settled 5/16/2016
Fire Captains	7/31/2019	Settled 5/16/2016
Deputy Fire Captains	7/31/2019	Settled 5/16/2016
Paterson Firefighters Association	6/30/2019	Settled 6/17/2016
White Collar Supervisors Local 3474A	6/30/2019	Settled 9/27/2016
DPW Blue Supervisors Local 3474	6/30/2019	Settled 9/27/2016
DPW Blue Local 2272	6/30/2014	Ongoing negotiations
Free Public Library Local 3474B	6/30/2019	Settled 9/27/2016
Free Public Library Local 2903	6/30/2019	Settled 9/27/2016
White Collar Police Civilians, Municipal Court Employees Local 3724	6/30/2019	Settled 9/27/2016
Division of Health Employees' Association 430	6/30/2019	Settled 11/1/2016
Police Motor Pool Local 76B	6/30/2014	Ongoing negotiations
Crossing Guards Local 74 (SEIU)	6/30/2019	Settled 8/5/2016
Teamsters Local 97 Law Department	TBD	Ongoing negotiations

H. Tax Abatements. Please provide a detailed discussion of any short-term or long-term tax abatements that are currently in place or are currently being negotiated including the following information:

CLASS Code	PROPERTY LOCATION	2016 PILOT	2016 Assessed Value	Taxes In full at 2016 Tax Rate
4A	ASPEN HAMILTON	83,009	3,737,800	156,614
	Belmont 2007	18,470	4,954,300	207,585
15F	BROOKS SLOATE	156,134	11,760,000	492,744
15F	COLT ARMS	209,060	22,000,000	921,800
15F	CONGDON MLL	84,210	3,736,200	156,547
4B	COOKE BLDNG ASSOC	12,573	5,851,200	245,165
15F	FEDERATION APTS	194,986	12,820,000	537,158
15F	GOV PAT TOWERS I&II&III	495,486	19,415,500	813,509
15F	Riese Madison	74,971	5,027,900	210,669
15F	INCCA Carrol St	158,292	9,800,000	410,620
15F	INCCA Triangle Vill	164,983	14,561,600	610,131
	Jackson Slater	195,150	tbd	tbd
15C	Paterson Housing Auth	110,501	181,022,080	7,584,825
15F	446-460 E 19th St	18,014	2,985,900	125,109
15F	Sheltering Arms	18,035	34,730,500	1,455,208
15F	Belmont McBride Twr	24,221	4,605,300	192,962
15F	N Main Scattered	24,342	8,973,200	375,977
15C	HOPE 98 Beech St	31,469	2,304,800	96,571
15F	HOPE 98 Van Houten St	14,530	4,030,200	168,865
15D	Rising Dove	30,138	5,076,100	212,689
15F	200 Godwin	24,164	6,093,600	255,322
	Essex Phoenix	205,096	tbd	tbd
	Christopher Columbus Develop	112,350	tbd	tbd
	Heritage Alexander Hamilton	75,835	tbd	tbd
	504 Madison Ave	144,277	6,885,400	288,498

IX-A. List actions that limited Salary and Wage costs: i.e., layoffs, furloughs, freezes, contract concessions, etc.

(See item C-3 in Local Finance Notice for details)

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Police SW	42,426,764 (paid)	43,845,613	<p>Increase \$1,418,849 includes a 27th pay amount of \$1,649,170 AND approximately \$630,000 of retro increases as well as 5 yrs of salary increases. Police contracts settled for 7 yrs, from 2012 to 2018: 2012/0; 2013/0; 2014/2.25; 2015/2.25; 2016/2; 2017/2; 2018/1 –</p> <p><i>Average 7 yr increase of 1.36% compounded</i></p> <p>Retro for FY14, 15 & 16 totaled \$1.9 million, paid out over 3 yrs, beginning FY 17.</p>
Fire SW	33,005,202 (paid)	38,961,469	<p>Increase of \$5,956,267 includes a 27th pay amount of \$1,485,439 AND approximately \$14,100 of retro increases, as well as 7 yrs of salary increases WITH RETRO AMOUNTS WAIVED. Fire contracts settled for 9 yrs, from 2010 to 2018: 2010/2.75; 2011/2.75; 2012/0; 2013/0; 2014/0; 2015/0; 2016/2; 2017/1; 2018/1 –</p> <p><i>Average 9 yr increase of 1.19% compounded</i></p>
		NOTE:	<p>The Police and Fire 27th payroll amounts of \$3.1 million will be available to offset any FY 18 salary increase amounts of the 1% awarded.</p>
		NOTE:	<p>An Overtime freeze was put in place in August 2016, and will remain in effect through the end of FY17. Only essential overtime, preauthorized by the Business Administrator, will be permitted.</p> <p>The Police SW FY 17 Overtime budget was cut by \$1 million (or half of last year) and is trending to meet the SW reduction in OT for the department.</p>

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.

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	X	NO		THE CITY'S SOCIO-ECONOMIC PROFILE IS BELOW POVERTY.
Sewer Fees	X	PARTIALLY	APPROX. \$3 MILLION	A 100% INCREASE OVER 4 YEARS WAS IMPOSED ON ALL RATEPAYERS, FINALIZED IN FY 2016.
Water Fees	<input type="checkbox"/>			
Swimming Pool	X	NO		THE CITY'S SOCIO-ECONOMIC PROFILE IS BELOW POVERTY
Uniform Construction Code	X	YES		STATUTORY
Uniform Fire Code	X	YES		STATUTORY
Land Use Fees	<input type="checkbox"/>			
Parking Fees	<input type="checkbox"/>			
Beach Fees	<input type="checkbox"/>			
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)
Purchase of Rock Salt	Passaic County Cooperative	395,700	2015
Garbage Collection and Disposal	Paterson Housing Authority	110,000	2015

Application Year: SFY 2017	Municipality: City of Paterson	County: Passaic
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Preventive Maintenance/Repairs of Communication Equipment	Morris County Cooperative	22,000	2015
'(1) Ford F-450 Truck (Recycling)	Morris County Cooperative	70,783	2015
Body Cameras	Jersey City Cooperative Pricing Agreement	TBD	2016

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	2015 Full Time Staffing	2016 Full Time Staffing	\$ Amount to be Saved
1	Overall Furlough (except for Public Safety Department, both uniformed and civilian personnel)	600	2/1/17			Less than \$1 million

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

Rank Order	Service	Cost Savings	Impact on Services
2	General Layoff	\$7 million	See below.

Impact on Services

Layoffs would be enforced strictly on non-uniformed personnel, due to the constraints of the Federal Grants. The number of positions, with an average \$30,000 salary, would require a reduction in force of almost 233 for a full year, or 466 for a half year. Imputing costs of self-funded unemployment insurance would translate into an additional 50 or 100 employees, respectively, bringing the required minimum layoffs to 283 or 566. The impact on services would be chaotic and compromise all essential services, such as public health, welfare and safety.

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.	X	
2. Implement actions directed by the Director to address the findings of Division staff.	X	
3. Enter into a new 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 2016 MOU and is moving in good faith to correct those areas 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: [Signature] Date: 11/10/16
Chief Financial Officer: Johanna M. Miller Date: 11/10/16
Chief Administrative Officer: Nellie Pan Date: 11/10/14

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: Abby Perenson Date: 11/10/14
Chief Financial Officer: Johanna M. Miller Date: 11/10/16

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: [Signature] Date: 11/10/16
Chief Financial Officer: Johanna M. Miller Date: 11/10/16
Chief Administrative Officer: Nellie Pan Date: 11/10/16