MAYOR DONALD A. GUARDIAN CITY OF ATLANTIC CITY

March 24, 2017

Timothy Cunningham, Director
Division of Local Government Services
101 S. Broad Street
P.O. Box 803
Trenton, NJ 08625-0803

Re: Transitional Aid Application

Dear Director Cunningham,

Enclosed is the City of Atlantic City's application for Transitional Aid for CY 2017.

As you are aware, we are now subject to the requirements of the Municipal Stabilization and Recovery Act and the Casino Tax Stabilization Act. This results in a unique set of fiscal circumstances, quite different than other municipalities who may be applying for Transitional Aid. The Division is intimately familiar with those circumstances, particularly the evisceration of ratables. The City has continued to diligently and aggressively institute unprecedented cost saving measures.

This application requests Transitional Aid in the amount of $13,000,000.

Thank you in advance for your favorable consideration.

Sincerely,

Donald A. Guardian
Mayor

Cc: Marty Small, Council President
All Members of Council
Michael P. Stinson, Director of Revenue and Finance
Anthony Swan, City Solicitor
Cynthia Lindsay, Comptroller
Richard Richardella, State Monitor

P 609-347-5400 F 609-347-5638 E DGuardian@CityOfAtlanticCity.org
City Hall, 1301 Bacharach Boulevard, Suite 706, Atlantic City, NJ 08401

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

General Instructions: This application must be submitted in its entirety by March 24, 2017 for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2017-4 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 7 of the Local Finance Notice.

Name of Municipality:	City of Atlantic City				**County:**	Atlantic
Contact Person:	Michael P. Stinson				**Title:**	Director of Revenue & Finance / CFO
Phone:	609-347-5800	**Fax:**	609-347-6110	**E-mail:**	MStinson@cityofatlanticcity.org	

I. Aid History

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

CY 2016	CY 2015	CY 2014
$26,200,000.	$13,000,000.	$13,000,000.

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:	$13,000,000.

If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2017-4.

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
2016 Annual Financial Statement	February 10, 2017
2015 Annual Audit	August 18, 2016
2015 Corrective Action Plan	October 6, 2016
Application Year Introduced Budget	
Budget Documentation Submitted to Governing Body	

Application Year: CY 2017	Municipality: Atlantic City	County: Atlantic

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	[illegible]	3/24/17
Governing Body Presiding Officer	Marty Small, Sr. (PR)	3/24/17
Chief Financial Officer	Michael B Stinson	3/24/17
Chief Administrative Officer	[illegible]	3/24/17

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.

The City has experienced for a number of years excessive tax appeals. This has resulted in a large overpayments, and tax appeal refunding Bonds. Also this has caused the retables to decrease from over $20 Billion in 2008 to $6.3 Billion (Before PILOT Adjustment) in 2017.

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:	Amount to be Raised by Taxation*		
Description:	CASINO PILOT PAYMENTS*		
Description:	Transitional AID		
	26,200,000.	13,000,000.	(13,200,000)
Description:	ACA Funds		
	30,000,000.	15,000,000.	(15,000,000.)
Description:	Deferred Change – Tax Appeal		
	12,696,764.	-0-	12,696,764.
Description:			
Description:			

***These amounts will offset**

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.)

1) **PILOT (Casino)**

2) **Employee Collective Bargaining Agreement**

3) **Outsourcing of services**

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 or risk manager, 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.

The City is subject to the Municipal Stabilization & Recovery Act (MSRA). Employees will be moved to NJ Direct 15 from NJ Direct 10 as a part of MSRA. This will result in Healthcare cost savings.

Application Year: CY 2017	Municipality: Atlantic City	County: Atlantic

VI. Historical Fiscal Statistics

Item	2015	2016	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	$1,747	$1,897	$TBD
Municipal Purposes tax levy	$128,410,646	$123,637,277.	$TBD
Municipal Open Space tax levy	$ -0-	$ -0-	$TBD
Total general appropriations	$262,593,164.	$242,850,256.	$TBD
2. Cash Status Information			
% Of current taxes collected	97.08%	95.22%	%
% Used in computation of reserve	98.00%	98%	98%
Reserve for uncollected taxes	$5,062,400.	$6,032,615.	$
Total year end cash surplus	$	$(149,506,526.)	
Total non-cash surplus	$	$11,584,894.	
Year end deferred charges	$	$154,232,225	
3. Assessment Data			
Assessed value (as of 1/10)	$ 7,349,897,206.	$6,515,881,304.	$3,100,472,200.
Average Residential Assessment	$174,993.	$154,778.	$141517
Number of tax appeals granted			
Amount budgeted for tax appeals	$27,500,000.	$2,100,000.	$4,000,000.
Refunding bonds for tax appeals	$41,760,000.	$ -0-	$80,000,000. Proposed
4. Full time Staffing Levels			
Uniformed Police - Staff Number	339	346	334
Total S&W Expenditures	$33,391,132.	$31,889,178.	$33,447,215.
Uniformed Fire - Staff Number	148	143	138
Total S&W Expenditures	$19,006,343.	$16,730,147.	$16,210,994.
All Other Employees - Staff Number	1,062	1,037	996
Total S&W Expenditures	$27,619,274.	$27,550,605.	$24,321,553.

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			3100472200
Introduced Tax Levy			TBD
Proposed Municipal Tax Rate	**TBD**	Average Res. Value (#4 above)	$141,517.
Current Year Taxes on Average Residential Value (#4 above)			TBD
Prior Year Taxes on Average Residential Value			$154,778.
Proposed Increase in average residential taxes			TBD

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment	2008
A1. Most current equalized ratio	101.24

B. Proposed Budget – Appropriation Cap Information

Item		Yes	No
1. Was an appropriation cap index rate ordinance adopted last year?		X	
If YES: % that was used	3.5%		
2. Amount of appropriation cap bank available going into this year	$13,768,442.		
3. Is the Application Year budget at (appropriation) cap?			TBD
If NO, amount of remaining balance	$ TBD		
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap?			X
If YES, amount:	$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	$ Amount of Increase
No Material Increases			

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			$11,050,000.		
Second year			$9,392,500.		
Third year			$7,983,625.		

Depends on 2017 introduced Budget

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? If so, please identify system being used.	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	EXCESS
Vehicle/Fleet liability			X	EXCESS
Workers Compensation			X	EXCESS
Property Coverage				X
Public Official Liability				X
Employment Practices Liability				X
Environmental				
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				
Average total cost percentage increase	%	%	%	%
Last contract settlement date				
Contract expiration date				

Police and Fire CBA's are currently being litigated

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

D. Tax Enforcement Practices:

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by December 31, 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:	December 2016	
3. On what dates were tax delinquency notices sent out in 2016: QUARTERLY Dates:	Q-1: Feb. 22, 2016 Q-2: May 27, 2016 Q-3: Aug. 31, 2016 Q-4: Dec. 28, 2016	
4. Date of last tax sale: Date:	December 2015	

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	$23,960.	2016	$34,705.	Anticipated Application Year:	$34,000.

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

Bank Money Market	

3. What was the average return on investments during 2016?	Less than .5%
4. Left Blank Intentionally	
5. The name and firm of the municipality's auditor?	Ford Scott & Associates
6. When was the last time the municipality changed auditors?	Over 20 Years

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
IAFF Fire		Modifications are currently being sought
PBA & ACPSOA		"
AFSME Local 2303 BC & ACWPAWC	12/31/14	ONGOING
SUPERVISOR'S & IBEW Construction	12/31/14	ONGOING

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:

Project Name/Property	Type of Project	2016 PILOT Billing	2016 Assessed Value	2016 Taxes If Billed in Full at 2015 Total Tax Rate	Term of Tax Abatement
SEE ATTACHED					

Application Year: CY 2016	Municipality: Atlantic City	County: Atlantic

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
To Be Determined	---	---	All Options Evaluated

Application Year: CY 2016	Municipality: Atlantic City	County: Atlantic

IX-B. List actions that limited or reduced Other Expense costs: i.e., reductions, changes, or elimination of services, procurement efficiencies or restraint. Include changes in spending policies that reduce non-essential spending.

Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change

Application Year: CY 2016	Municipality: Atlantic City	County: Atlantic

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	☒	PARTIAL		
Sewer Fees	☐			
Water Fees	☐			
Swimming Pool	☐			
Uniform Construction Code	☒	YES		
Uniform Fire Code	☒	YES		
Land Use Fees	☒	YES		
Parking Fees	☒	YES		
Beach Fees	☐			
Insert other local fees below:	☐			
Land Use Escrow fees for in-house staff	☒	YES		
Land Use Escrow fees for independent contractors	☒	YES		

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)*
Health Officer S:S	Gloucester County	$25,000.	2016
Elevator Inspections S:S	Pleasantville, Ventnor, Margate, Longport	$56,000.	2017
Demolition Program S:S	ACIA	$25,000.	2016
Special Police Officer Tourism S:S	CRDA	$1,000,000.	2016
Foreclosure Properties S:S	ACIA	$300,000.	2016
Various Cooperative Purchasing	State Department Purchase & Property	Varies	2017
Various Cooperative Purchasing	Middlesex County Coop	Varies	2016
Electric & Natural Gas Supply	South Jersey Coop	$300,000.	2017
Rock Salt & Fuel	Atlantic County Coop	$1,000,000.	2016

Application Year: CY 2016	Municipality: Atlantic City	County: Atlantic

Section XI – Impact of Limited or No Aid Award

Describe in complete detail the actual 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	2014 Full Time Staffing	2015 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

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 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: 3/24/17

Chief Financial Officer: Michael B. Stevens Date: 3/24/17

Chief Administrative Officer: _____ Date: 3/24/17

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 Administrative Officer: _____ Date: _____

The City is subject to MSRA

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.

Mayor: _____ Date: 3-24-17

Chief Financial Officer: Michael B Stern Date: 3/24/17

Chief Administrative Officer: _____ Date: 3/24/17

CURRENT FUND- ANTICIPATED REVENUES-(continued)

GENERAL REVENUES	Do Not Write in This Space	Anticipated 2017	Anticipated 2016	Realized in Cash in 2016
3. Miscellaneous Revenues - Section A: Local Revenues (continued):				
Refunds and Reimbursements	08-105	2,701,000.00	1,500,000.00	4,804,223.65
Rent and Sale of City Property	08-107	150,000.00	475,000.00	160,834.35
Towing Fees	08-105	300,000.00	390,000.00	300,619.00
Payments in Lieu of Taxes	08-106			
Magellan Manor		75,000.00	75,000.00	86,592.00
Maryland Ave		23,500.00		
Metropolitan Plaza		28,000.00	28,000.00	29,099.66
New York Ave Apt		108,500.00	108,553.00	111,668.30
Atlantic City Townhouse		174,000.00		
Beachview		14,000.00		
Elliot House		44,500.00	44,574.00	44,574.00
School House Liberty		50,000.00	29,790.00	50,850.96
Urban-Connecticut		28,500.00		
Town House Terrace East I		75,000.00	68,784.00	76,498.00
			-	-

CURRENT FUND- ANTICIPATED REVENUES-(continued)

GENERAL REVENUES	Do Not Write in This Space	Anticipated 2017	Anticipated 2016	Realized in Cash in 2016
3. Miscellaneous Revenues - Section A: Local Revenues (continued):				
Atlantic City townhouse				
Baltic Plaza Apt		100,000.00	100,000.00	108,000.00
Best of Life Park		190,000.00	120,000.00	197,634.00
Community Haven		400,000.00	350,000.00	404,207.00
Hamilton Venice Apt		57,500.00	67,500.00	57,513.00
Bright's Villa North			10,000.00	
Barclay Arms		60,000.00	42,000.00	64,185.60
Brigantine Homes		125,000.00	90,000.00	128,730.00
Bass Pro Shop		165,000.00		
The Walk Phase I		648,000.00	648,000.00	648,048.01
The Walk Phase II		258,000.00	300,000.00	258,236.57
Atlantic Marina (combines Atlantic Villas, Town House Terrace West & Town House Terrace East 2)		450,000.00	450,000.00	460,884.00
The Walk Phase III		91,000.00	100,000.00	91,717.00
Casinos Pilot		60,000,000.00		
Total Section A: Local Revenues	08	71,841,500.00	11,462,201.00	13,706,387.89