

Transitional Aid Application for Fiscal Year 2020
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by August 30, 2019 for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2019-09 when preparing this application for specific instructions and definitions, and review the Submission Checklist on page 20 of this application and also listed on Page 7 of the Local Finance Notice.

Name of Municipality:		City of Union City		County:	Hudson
Contact Person:		Susan M. Colditz		Title:	Director of Finance
Phone:	201-348-5846	Fax:	201-348-0639	E-mail:	scolditz@ucnj.com

I. Aid History

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

FY 2019	FY 2018	FY2017
\$20,000,000	\$10,000,000	\$8,700,000

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

Amount of aid requested for the Application Year:	\$19,500,000
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2019-—.

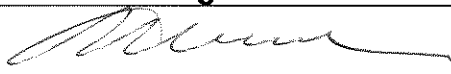

III. Submission Requirements

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
2019 Annual Financial Statement	August, 2019
2018 Annual Audit	December, 2018
2018 Corrective Action Plan	February, 2019
Application Year Introduced Budget	August, 2019
Budget Documentation Submitted to Governing Body	August, 2019

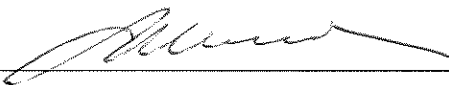

IV.A Application Certification

The undersigned herewith certify that they have reviewed this application and, individually, believes the contents to be true and accurately portray 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		8/29/19
Governing Body Presiding Officer		
Chief Financial Officer		8/29/19
Chief Administrative Officer		

IV.B FY2019 Transitional Aid Recipients Applying in 2020

FY2019 Municipalities operating under a Memorandum of Understanding ("MOU") must certify that they are in substantial compliance with all conditions and requirements of the MOU.

Official	Signature	Date
Mayor/Chief Executive Officer		8/29/19
Governing Body Presiding Officer		
Chief Financial Officer		8/29/19
Chief Administrative Officer		

V-A. Explanation of Need for Transitional Aid

Explain the circumstances that warrant 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 jeopardize the fiscal integrity of the municipality.

The city is reliant on local taxes, State aid and other fees to balance its budget. While the city is constantly reviewing ways to reduce expenditures and increase revenues, where appropriate, any further reductions in aid could have a severe negative impact on the fiscal integrity of the city. Reductions in aid would cause massive reductions in municipal services and will adversely impact the public's safety, health and welfare.

Over the years, the city has worked to identify and implement cost savings measures through interlocal agreements, contract concessions, grant funding and restructuring of departments. The city will continue to explore any avenue that will achieve cost savings without jeopardizing the interests of the public.

The City, during FY2018, however, experienced an increase in costs due to a record amount of employee illness. The City faced a challenging influenza season in 2018 with an extraordinary number of employees who became ill and were frequenting the doctor and further utilizing prescription coverage for longer periods of time. Furthermore, a total of 15 employees developed severe illness resulting in a total of bills of \$175,000 each and one employee a total of \$200,000. Being self-insured, the stop loss insurance does not commence until the City expends \$175,000 for each employee. The total claims for just 15 employees were over \$2.6m. The City could not have planned for this outcome and as a result will be moving to a premium based plan in 2019 as well as exploring other health benefit cost savings options.

Emergency infrastructure repairs that were not possible because of budget restrictions are underway. The Municipal Court and various other offices have been displaced because of infrastructure repairs. The city had to dedicate funding to these projects. Over the next year will be able to move departments into a functioning space and avoid even more damage resulting in more repairs.

Redevelopment discussions are on-going for a major property in the city. The city is currently receiving very little revenue on the property. Through a redevelopment agreement, the city is hopeful to receive an increase in tax revenue as a result. PILOTs may be considered as part of the redevelopment agreement; however, the city recognizes that PILOTs should only be used if the project would not be completed without it and that the project benefits the community. Although discussions have commenced, the process is on-going and the city will not be collecting full tax payments on these properties for some time.

The city is exploring resources as an Opportunity Zone municipality to attract long-term economic development to the city. The city recognizes that attracting new development and investments will allow for more retail, jobs and economic stability for the community.

The city remains committed to continuing to work with the Division of Local Government Services to determine further opportunities for reductions in expenditures and improve the municipality's financial outlook. The city will continue to work to create long lasting structural and financial changes that would eliminate its reliance of Transitional Aid.

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 in 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	2018 Value	2019 Value	Amount of Loss/Increase
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			

V-C. Actions to Reduce Future Need for Aid

Detail the steps the municipality is taking to reduce the need for future aid. Include details about shared services and consolidation, 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.

These steps should demonstrate initiatives taken to bring structural balance to the Municipality's finances and shall include, but are not limited to the following:

Use additional pages if necessary

- Efforts to bring economic development to the Municipality; and
- A plan to constrain or reduce staffing costs through collective negotiation, attrition, consolidation, restructuring, or other personnel actions; and
- A plan to eliminate, reduce or constrain the costs of non-essential services and activities; and
- A plan to maximize recurring revenues, including, as appropriate: updating fees, fines and penalties; maximizing enforcement of delinquencies; and selling surplus land and property; and
- A plan to address findings contained in various audits, investigations, and reports with respect to the Municipality, including municipal audits, applicable State Comptroller and State Auditor reports and audits, federal program audits, and other audits as identified by the Director

The city has implemented policies to combine job duties and to eliminate the replacement of employees through attrition, with the exception of positions essential to conduct city business. Employees have increased their job responsibilities and job titles have been combined where appropriate to further accommodate staff reductions. When employees must be replaced, newly hired, employees start at the entry level, or substantially less than the employee they have replaced. When possible and applicable, the city hires part-time employees to save on benefit costs. This policy has enabled the city to reduce full-time budgeted positions and decrease health benefits costs.

The city is aggressively seeking grant funding to offset budgetary expenditures and meets regularly with grant writers to review administrative priorities to focus on grants that assist the city's budgetary constraints.

The city has entered into more interlocal agreements than in past years. Snow removal, solid waste disposal, security services and crossing guard agreements have resulted in costs savings for the city. The city will continue to seek interlocal agreements whenever possible and cost effective.

The city has received significant concessions with the civilian collective negotiation agreement. Longevity has been frozen and completely eliminated for new employees. Additionally, the city received concessions from the recently ratified PBA contract such as decrease in steps with an estimated savings of \$200k per police officer. These concessions over time will compound and lead to significant and lasting savings.

V-D. Discussion of Health Benefits

Skip this section if using SHBP. If not using SHBP, explain why the municipality's current health benefits plan is cheaper, or what other reasons exist to reject this alternative. 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's current health benefits plan is privately insured through Horizon BCBS. The city is required to provide benefits equal to or greater than the current negotiated benefits. SHBP represents a diminution of the contractually negotiated benefits in place.

In 2016, the city moved to a self-funded platform to help reduce costs. The City has provided, and continues to make available, lower cost options for employees to consider, including the implementation of the Horizon OMNIA plan. The City's costs are comparable to the SHBP based on the analysis provided by our broker.

In 2018, the city experienced an unprecedented increase in costs due to a record amount of employee illness. The city faced a challenging influenza season with an extraordinary number of employees who became ill, frequenting the doctor and further utilizing prescription coverage for longer periods of time. A total of 15 employees developed severe illness resulting in a total of bills of \$175,000 each and one employee a total of \$200,000. Being self-insured, the stop loss insurance does not commence until the city expends \$175,000 for each employee. The total claims for just 15 employees were over \$2.6m. The city could not have planned for this outcome.

In reviewing the trends and the average age of the city's employees, a self-funded plan was beneficial. The unpredictability and budget issues caused by self-funding have prompted the city to change to a premium based plan in 2019. With the premium based plan change, the city will also explore additional cost savings measures such as offering the Medicare Advantage Plan and other lower cost plans.

The City of Union City engages Reliance Insurance Group through a competitive Request for Proposal process for the City's medical benefits. Their services include bi-lingual, full-time, on-site staffing and provide full service for all aspects of the insurance program. They are compensated as a broker, with health commission paid through the insurance provider. Paid compensation is as follows:

Fiscal Year 2019, \$308,382
 Fiscal Year 2018, \$308,487
 Fiscal Year 2017, \$290,000
 Fiscal Year 2016, \$288,660

Commissions for the current year approximate 1.8% of premium and total approximately \$308,382. With the move to self-insurance, the broker compensation will be paid as a percentage of stop loss premium and a per contract per month Horizon TPA fee. Therefore, broker commissions may fluctuate based on enrollment but are equal to \$19 per contract per month through Horizon third party administration services and 9% of the medical stop loss costs. This does include a full time, on site employee who works in our City Hall to handle insurance matters.

VI. Historical Fiscal Statistics

Item	2018	2019	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$4.596	\$4.741	\$4.741
Municipal Purposes tax levy	\$68,539,503	\$70,763,174	\$72,563,173
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$122,939,436	\$141,305,545	\$131,139,806
2. Cash Status Information			
% Of current taxes collected	99.83%	99.91%	%
% Used in computation of reserve	98.93%	98.89%	99.52%
Reserve for uncollected taxes	\$1,098,373	\$1,168,125.16	\$1,081,884
Total year end cash surplus	\$0	\$0	
Total non-cash surplus	\$3,707,287	\$2,909,292	
Year end deferred charges	\$15,160,908	\$13,971,338	
3. Assessment Data			
Assessed value (as of 1/10)	\$1,492,625,199	\$1,506,473,899	\$1,506,473,899
Average Residential Assessment	\$116,000	\$116,000	\$116,000
Number of tax appeals granted	144	75	
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	273	308	
Total S&W Expenditures	\$21,000,000	\$21,300,000	\$
Uniformed Fire - Staff Number	N/A	N/A	
Total S&W Expenditures	\$N/A	\$N/A	\$
All Other Employees - Staff Number	672	503	
Total S&W Expenditures	\$17,033,395	\$14,963,752	\$
5. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			\$1,506,473,899
Introduced Tax Levy			\$72,563,173
Proposed Municipal Tax Rate	4.893	Average Res. Value (#4 above)	\$116,000
Current Year Taxes on Average Residential Value (#4 above)			\$5,676
Prior Year Taxes on Average Residential Value			\$5,500
Proposed Increase in average residential taxes			176

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment	1991
A1. Most current equalized ratio	38.60

B. Proposed Budget – Appropriation Cap Information

		Yes	No
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	3.5%	X	
2. Amount of appropriation cap bank available going into this year	\$408,047.90		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance	\$3,823,920		X
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:	\$0		X

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Debt Service	\$10,956,150	\$11,805,345	\$849,195
Over expenditures	\$2,446,731	\$3,230,151	\$783,420
Deferred Charges-Emergency Note	\$0	\$549,102	\$549,102
Capital Improvement Fund	\$400,000	\$800,000	\$400,000
Police Salaries	\$21,341,094	\$21,700,000	\$400,000

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	\$70,763,174	\$69,258,194	\$20,000,000	\$36,513,752	\$104,791,794
Second year	\$68,012,330	\$53,462,210	\$10,000,000	\$38,033,395	\$74,527,888
Third year	\$67,512,330	\$48,874,193	\$8,700,000	\$37,187,562	\$68,714,404

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

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

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

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

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	2019	N/A	2016	Varies
Average total cost percentage increase	1.8%	N/A	Fixed	Varies%
Last contract settlement date	12/31/2018	N/A	12/31/2016	
Contract expiration date	12/31/2023	N/A	12/31/2020	

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 2019 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:		October, 2005
3. On what dates were tax delinquency notices sent out in 2019: Date:		
4. Date of last tax sale: Date:		June, 2019

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:

2018	\$117,692	2019	\$291,833	Anticipated Application Year:	\$291,833
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2. List the instruments in which idle funds are invested:

Nj Cash Management	
NJ Arbitrage Rebate Management	

3. What was the average return on investments during 2019?

2.28%

4. Left Blank Intentionally

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

Donohue, Gironda, Doria & Tomkins, LLC
2000

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	12/31/2020	
Union City Police Benevolent Association	12/31/2023	
Union City FOP	12/31/2023	

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	2019 PILOT Billing	2019 Assessed Value	2019 Taxes If Billed in Full at 2018 Total Tax Rate	Term of Tax Abatement
Horizon Heights	Affordable Rental Units	\$15,188	\$4,447,100	\$309,696	50 Years
Palisade Urban Renewal	Low Income	\$35,000	\$2,079,000	\$144,782	30 Years
Serv	Supportive Housing	\$3,813	\$225,000	\$15,669	30 Years
UC Renaissance Urban Renewal	Low/Moderate Income	\$10,050	\$850,000	\$59,194	30 Years
Union Plaza	Moderate Housing	\$330,766	\$17,695,900	\$1,232,280	40 Years
Holy Rosary Senior Res.	Senior Housing	\$29,136	\$3,987,200	\$277,669	30 Years
Suede Promotions	Low Income	\$20,000	\$1,716,800	\$119,558	30 Years
Monastery Redevelopment	Low/Moderate Income	\$24,189	\$5,158,400	\$340,456	50 Years

Application Year: FY2020

Municipality: City of Union City

County: Hudson

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
N/A	N/A	N/A	N/A

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
N/A	N/A	N/A	N/A

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 through the General/Current Fund	Check if services is provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the amount of subsidy?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate subsidy.
Recreation programs	<input type="checkbox"/>	NO		Given the City's 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	N/A	N/A
Water Fees	<input type="checkbox"/>	N/A	N/A	N/A
Swimming Pool	<input type="checkbox"/>	NO		SEE ABOVE
Uniform Construction Code	<input type="checkbox"/>	YES		
Uniform Fire Code	<input type="checkbox"/>	YES		
Land Use Fees	<input type="checkbox"/>	YES		
Parking Fees	<input type="checkbox"/>	NO		The City of Union City Parking Authority operates parking facilities and collects fees for usage.
Beach Fees	<input type="checkbox"/>	N/A	N/A	N/A
Insert other local fees below:	<input type="checkbox"/>	N/A	N/A	N/A
Land Use Escrow fees for in-house staff	<input type="checkbox"/>			
Land Use Escrow fees for independent contractors	<input type="checkbox"/>			

Application Year: FY2020 **Municipality: City of Union City** **County: Hudson**

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	\$18,855,569	2013
Off Duty Police Officers	Union City Board of Education	\$100,000	2019
Recreation Center	Union City Board of Education	\$387,500	2015
Solid Waste Removal	Union City Board of Education	\$485,928	2019
Swim Pool	Union City Board of Education	\$136,000	2019
Snow Removal	Union City Board of Education	\$100,000	2013
Police Service	Union City Board of Education	\$687,937	2019
Crossing Guards	Union City Board of Education	\$1,695,288	2019
Electricity	County of Hudson Cooperative Purchasing	N/A	2015
Rock Salt	County of Hudson Cooperative Purchasing	\$75/ton	2015
Natural Gas	County of Passaic Cooperative Purchasing	N/A	2015
SLEO III's	Union City Board of Education	\$805,600	2019

Application Year: FY2020

Municipality: City of Union City

County: Hudson

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Section XI – Impact of Limited or No Aid Award

Describe in detail the impact if aid is not granted for the current fiscal year. Essential services needs should be given priority. 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 will make absent a grant of aid.**

Rank Order	Department	# of Layoffs	Effective Date	2018 Full Time Staffing	2019 Full Time Staffing	\$ Amount to be Saved
	There is no funding source available 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

Application Year: FY2020

Municipality: City of Union City

County: Hudson

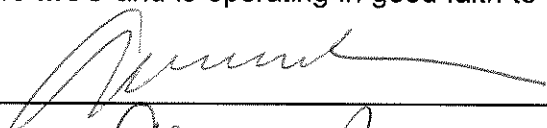
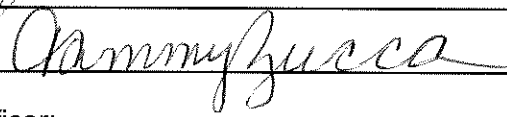
XII. Agreement to Improve Financial Position of Municipality

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	

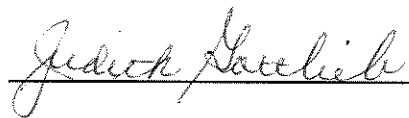
XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality is in substantial compliance with the conditions and requirements of the 2019 MOU and is operating in good faith to correct those area of noncompliance that have been identified.

Mayor:  Date: 8/29/19
 Chief Financial Officer:  Date: 8/29/19
 Chief Administrative Officer: _____ Date: _____

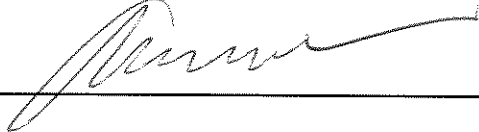
XIV. CAMPS Certification (County and Municipal Personnel System - Civil Service municipalities only)

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: 8/29/19
 Chief Administrative Officer: _____ Date: _____

XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned acknowledges the municipality must comply with the foregoing requirements to receive Transitional Aid. In addition, included with this application is a copy (printed or electronic) of the budget documentation supporting the budget calculation that was provided to the governing body.

Mayor: _____  _____ Date: 8/29/19

Chief Financial Officer: Sammy Zucca _____ Date: 8/29/19

Chief Administrative Officer: _____ Date: _____