

**Ratable Destruction Aid Program
Calendar Year 2020
Division of Local Government Services
Department of Community Affairs**

Background: The FY 2016 New Jersey State Appropriations Act, (P.L. 2015, c.63, approved June 26, 2015) established a limited program to provide short-term financial assistance to a municipality that is experiencing financial distress caused by the “destruction or loss of one or more related parcels of property owned by a single business entity, classified as commercial or industrial, which comprised the largest assessed valuation of any one or more line items of taxable property in a municipality....”

This program is expected to continue in FY 2021. Successful applicants in 2020 will be awarded funding, subject to availability, in amounts necessary to generate revenue for the support of the municipality, school district, and county as though the destruction or loss of one or more related parcels of property had not occurred.

The document is the application for such funds. Please fill it out in its entirety and submit it to the Division no later than April 3, 2020.

1. APPLICATION INFORMATION

Name of Municipality:	Township of Nutley		County:	Essex
Contact Person:	Rosemary Costa		Title:	C.F.O.
Phone:	973-284-4961	Fax:	973-284-4907	Email: rcosta@nutleynj.org

Aid History

List amount of Aid received for the last three years:

CY 2019	CY 2018	CY2017
\$3,250,000.00	\$4,100,000.00	\$3,675,000.00

Aid Request for Application Year: (Any municipality currently operating under a Ratable Destruction Aid MOU is advised that a decrease from prior year funding should be anticipated.)

Amount of aid requested for the Application Year:	\$4,100,000.00
--	-----------------------

If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2020-5.

2. PRIOR SUBMISSION AND DIVISION APPROVAL OF LOSSES.

In anticipation of this limited program being enacted as proposed in the Governor’s Budget Message, the Division sent the following notice to every Local Finance Officer on May 1, 2014;

"In recognition of the disruption that substantial property destruction has on local budgets, the Governor has newly proposed as part of the State budget, that local governments can apply for financial assistance from the Division of Local Government Services under limited circumstances. To qualify, a municipality must initially provide to the Division of Local Government Services an analysis prepared or approved by its assessor that documents, by block and lot, that they have lost property tax ratables or PILOTs (on a single property or properties with common ownership) from the 2013 budget year to the 2014 budget year equivalent to at least 10% of the entire ratable base of the municipality. Such a loss must be either directly or indirectly attributable to a single event such as a natural disaster or a business relocation that resulted in the destruction of physical properties. The assistance is not available due to lost property values as a result of tax appeals, revaluations or reassessments. If you believe your municipality may be eligible for assistance, please send an email to DLGS@dca.nj.gov [with] an analysis prepared and signed by your assessor no later than May 15 that demonstrates the impact referenced above. Please include "Assessment Losses" in the subject heading. Staff from DLGS will respond to your email with next steps which will require a more formal application that is currently under development."

Yes/No Did the applicant submit a report prepared by the assessor in a form substantially similar to the requirements of the May 1, 2014 Notice?

If "no", do not complete this application until the required assessor analysis has been separately prepared and sent for review by the Division.

If "yes" attach a copy of the assessor's report, together with a letter that you would have received from the Division indicating our findings as relates to the submission.

- See Attached

3. PROHIBITION AGAINST DUPLICATING BENEFITS

Yes/No Has your municipality already received compensation for the loss revenues due to the destruction of properties from any other source (i.e. an Essential Service Grant through the Community Development Block Grant Program?)

If "Yes" please explain the level of compensation and restrictions and conditions on use.

4. CONSENT TO DISCLOSURE AND MONITORING

Every successful applicant shall be required to submit by December 31, 2020: (a) a completed questionnaire in substantial form as reproduced such as Attachment A; (b) an updated report prepared by the assessor as to property destruction and ratable losses; and (c) a plan to expeditiously restore impacted ratables. Additionally, the Representatives of the municipality may be required to meet with the Division to discuss the submissions.

Yes/No Does your municipality agree to execute a grant agreement that requires the submission of the required material and meet with the Division to discuss same?

.

5. SUBMISSION OF A TRANSITION PLAN


The Municipality shall submit a plan on or before June 30, 2020 detailing how it intends to reduce its reliance on Ratable Destruction Aid (the "Transition Plan").

In no case shall the Transition Plan provide for a phase out of the aid over a period of more than three years. The Transition Plan must set forth reasonable efforts to reduce or restrain costs in the CY2020 Budget. The Transition Plan shall discuss initiatives to bring structural balance to the Municipality's finances and shall include, but not be limited to, all of the following:

- An acknowledgement that the Municipality needs to reduce its reliance on Ratable Destruction Aid; and
- Efforts to bring economic development to the Municipality; and
- A plan to constrain or reduce staffing costs through aggressive collective negotiation agreements, attrition, consolidations, restructuring, or other personnel actions; and
- A plan to eliminate, reduce or constrain the costs of non-essential and low-priority 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 pursue shared services and consolidation, long-term cost cutting and enhanced revenue plans, new development, potential for grants to offset costs, and estimated short and long-term annual savings; 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.

6. CERTIFICATION

The undersigned herewith certify that they have reviewed this application and assessor's report referenced herein, and find its contents to be accurate

Official	Signature	Date
Mayor/Chief Executive Officer		04/03/2020
Director of Revenue and Finance		04/03/2020
Chief Financial Officer		04/03/2020

**ATTACHMENT A
FORM OF QUESTIONNAIRE
DIVISION OF LOCAL GOVERNMENT SERVICES**

FORM OF QUESTIONNAIRE FOR APPLICANTS SEEKING ASSISTANCE WITH RATABLE LOSSES, CY 2020

LOCAL GOVERNMENT: Nutley

I certify that the information provided on this form is correct to the best of my knowledge.

Signature of Chief Financial Officer: _____

Printed name of Chief Financial Officer: Rosemary Costa

Date: 04/03/2020

Identify all individuals who participated in the completion of this form:

- Commissioner Thomas J. Evans
- Alan Genitempo, Township of Attorney
- Rosemary Costa, Chief Financial Officer

1) Discuss personnel or revenue actions the applicant has taken to reduce the need for future assistance?

The Township of Nutley continues to be under financial distress arising from the closure of the Hoffman La Roche site in 2013. While we have taken internal actions to mitigate the loss of revenue, coupled with continued TSA support, the ultimate solution will require permanent State Aid. To date, our actions include:

- 2020 is the first year that PILOT revenues for our First PILOT Agreement will be anticipated in our budget. These PILOT revenues are not incremental revenues but rather are meant to stabilize the previous level of \$4.1m property taxes.
- Managing the employee headcount thru attrition and consolidation of processes wherever possible, in both the Current Fund Operations and the Water Utility operations.
- The headcount for the Public Works Department has been reduced by 7 and the Water Utility by 3 over the past several years due to attrition. Temporary/Seasonal help is utilized when necessary. The Department of Parks and Public Property is currently undergoing an evaluation and reorganization of its operations.
- Elimination of the longevity program for employees is as follows: Non-Union employees for new hires as of 03/22/2004; PBA FMBA, and SOA for new hires beginning 01/01/2014; Teamsters for new hires beginning 06/07/2011; and IBEW for new hires beginning 04/01/2013.

- Consolidation of the Water Billing Department under the Tax Collector's Office has allowed for the elimination of one supervisor's position and the reallocation of job duties among existing employees rather than hiring additional staff.
- Existing employees have assumed the duties of Qualified Purchasing Agent and Tax Collector. Staff augmentation has been limited to two entry-level clerk positions in currently open positions.
- The Tax Assessor's position is now a Part-Time and therefore is not eligible for benefits.
- Using Per Diem/Seasonal/Part-Time help to meet seasonal demand in place of permanent employees in the Department of Public Works.
- Consolidation of duties of General Foreman and Recreation Director into one position in the Parks Department.
- Outsourcing Recycling of Commingled glass in 2018 will provide an opportunity for full-time staff reduction. Other components of our recycling program were outsourced in 2019.
- We are using SLEO's to augment our police staff. One is assigned to the municipal court to provide security. Two others do security tasks to free up our police officers for more emergent tasks.

A. Explain personnel actions including layoffs, furloughs, attrition, concessions, etc.

- 4 positions in the Parks Department were eliminated in 2018.
- Attrition and consolidation have enabled the Dept. of Revenue and Finance to reallocate/redistribute job duties among remaining employees. Replacements have been limited to entry-level clerk positions. Other departments have employed these measures to realize cost savings. Seasonal, part-time, and temporary employees have replaced full-time employees where practicable in the Public Works Department. Job Consolidation in the Parks Department has also provided cost savings.
- The headcount for the Public Works Department has been reduced by 7 and the Water Utility by 3 over the past several years due to attrition.
- Shared Services with the Board of Education for Physician Services and the Township of Montclair for Nursing Services have provided cost savings and realized revenue for the Department of Public Affairs.
- A Share Service Agreement has been entered into with the Township of Bloomfield for Animal Control Services to provide cost savings and realized revenue for the Department of Public Affairs.
- Concessions have resulted in the elimination of the longevity program for all new hire union and non-union employees.
- Concessions have resulted in steps being added to the ranges of police officer and firefighter, as well as for police and fire ranking officers.
- Capping of Sick Day Payout for PBA and FMBA thru Sick Day Bank Provision.
- Open positions will be filled with Part-Time employees whenever possible and therefore ineligible for benefits providing cost savings.

- We are seeking to continue the employee contribution for health benefits at the current percentages established under the SHBP when negotiating expired collective bargaining agreements.

B. Explain procurement efforts including rebidding services, energy, etc.

- When bid prices are higher than projected or more than funding available, the township will reject and then rebid. After third time, we will negotiate price.
- RFP/RFQ/Competitive Contracting process is used where appropriate to allow for the best pricing to be obtained.
- Membership in Various County Co-Ops and State Contracts to obtain most favorable pricing without costs associated with bidding process, whenever practicable.
- Shared Service Agreements/Commodity Resale System with the Board of Education for Physician Services, Gasoline System, and Fiber Optic Installation Project/internet Services, and Bulk Garbage Removal to manage/reduce costs for both entities.
- Shared Service Agreements with Township of Montclair for Health Officer, and Public Health Nursing.
- Shared Service Agreements with Township of Bloomfield for Animal Control Services.
- Participation in the SEM, a reverse auction for both gas and electric.
- By utilizing the First Net Cell Phone Plan, we have been able to control the cost of our cell phones to \$39.99/month for unlimited text and data.
- Set Cell Phone Policy-IPhone 8-is \$.99 under our First Net Plan.

C. Explain service restraint including the elimination or curtailment of nonessential services.

The Township continues to focus on cost containment and affordability. To that end, most non-essential services have already been eliminated.

- User fees fund our recreation programs.
- Volunteer Services are used when available.
- Once funded primarily by the municipal budget, the Nutley Volunteer and Rescue Squad is now funded by donations, bequests, and insurance billing reimbursements.
- Fee and Permit Schedules are reviewed annually and revised when appropriate.

D. Explain efforts at increasing revenue, including adjusting fees to reflect the cost of services such as water, sewer, and recreation.

- The Water Utility continues under review to determine and implement efficiencies in operation so that savings may be realized whenever possible.
- Review Water Rates annually and adjust when needed.
- A quarterly Maintenance Fee is being charged to provide funding for system wide maintenance and repair.
- Review of Liquor License Fees annually and adjust when needed.
- Review of Construction Code Fees annually and adjust when needed, while remaining competitive with neighboring municipalities; most recently in 2016.
- Charging Fees for services when permitted by statute i.e. returned check fees, tax office services, credit card processing, etc.

- Expanding our Parking Permit program has provided increased revenues, which help to offset the costs of maintenance and repair.
- Review Recreation Program Fees to keep the program self-sustaining while still affordable to our residents.
- Implement new technology whenever possible to improve efficiency and productivity.
- Aggressively monitoring construction permits to ensure that improvements are assessed as soon as allowable to generate added assessment revenue and keep our tax base

2) Disclosures.

- A. Attach a copy of all collective bargaining agreements and individual employment agreements.**
- The PBA contract has been settled thru 12/31/2020.
 - FMBA, IBEW, and Teamster contracts have been settled thru 12/31/2019.
- B. Attach a copy of compensation of all officer and employee payroll: including name, annual salary, department, division, and title.**
- See Attached
- 3) Have pay increases been awarded in the current year to employees who are not contractually entitled to them? If yes, please attach the names, positions, and the increase in gross dollars and as a percentage of the base salary:**
- Salary increases for non-union employees have been awarded thru 2019 and are reflected in the attached employee listing.
- 4) Do elected officials receive compensation? The term "compensation" shall include, but is not limited to, salary, stipends, bonuses or health benefits/payments in lieu of benefits. If yes, fully disclose their annual compensation?**
- Each Commissioner receives \$2,250.00, annually.
 - The Mayor receives an additional \$450.00, annually.
- 5) Who is the current health benefit provider, and what is the current total cost of your benefits?**
- NJ State Health Benefits Program.
 - Gross Premium-Active & Retired.....\$7,135,028.00
 - Less:
 - Premium Reimbursement.....\$1,097,767.00
 - Net Cost.....\$6,037,261.00
- (a) If the municipality is not a member of the State Health Benefits Program (SHBP), are the benefits cheaper than or equal to what SHBP coverage would cost the municipality? N/A**
- (b) If you are not using the SHBP, do you have a broker? N/A**
- (c) If yes, did you procure the services of that broker through an ordinance modeled on The Citizens Campaign "Best Price Insurance Contracting" ordinance available at: http://www.scribd.com/embeds/167448571/content?start_page=1&view_mode=slideshow? N/A**

- (d) If you are not using the SHBP and you have a broker, explain how the broker is paid. If it is a flat fee, please provide the fee amount. If the broker receives a commission, please provide the commission amount. N/A
- 6) Does the applicant provide vehicles for its local government officers or employees? If yes, please list the position(s) entitles to this privilege and the make, model and year of the vehicle(s). If the applicant has a motor pool, please state all positions authorized to utilize the motor pool.
- Commissioner/Director of Public Safety-2018 Ford Explorer
 - Parks Dept. General Supervisor-2014 Dodge Durango -(24/7 Call), Business use only.
 - Recreation Director-2017 Chevy Tahoe -(24/7 Call), Business use only.
 - Parks & Recreation Staff-Unassigned-2016 Dodge Journey-Business Hours.
 - Public Affairs Staff-2013 Silver Ford Focus; 2005 Dodge Durango-Business Hours Health Inspections and Senior/Veterans Transport; 2019 Dodge Caravan.
 - Superintendent of Public Works-2008 GMC Yukon-(24/7 Call), business use only.
 - Tax Assessor/Clerk-2019 _____-Inspections-Business Hours.
 - Construction Code Official-2014 Ford Explorer -(24/7 Call), Business use only.
 - 2015 Ford K8B, 2005 Ford Ranger Pick-Up-Inspections-Business Hours.
 - 2015 Ford Explorer-Inspections-Business Hours.
 - Building Inspector-2001 Crown Vic--(24/7 Call), Business use only.
- 7) Does the applicant fund catering of events or meals for personnel? If yes, please provide a description of any such expenses funded by the applicant in the preceding twenty-four (24) months.
- N/A
- 8) Does the applicant pay for, or otherwise reimburse, out-of-State travel or any hotel stays – regardless if out-of-state? If yes, please provide a description of any such expenses funded by the applicant in the previous twenty-four (24) months.
- N/A
- 9) Please list all existing shared services agreements the applicant has in place.
- Nutley Board of Education-Physician Services
 - Nutley Board of Education-Bulk/Solid Waste Removal
 - Nutley Board of Education-Fiber Optic/Internet Connect
 - Township of Montclair-Nursing Services
 - Township of Montclair-Health Officer
 - Township of Bloomfield-Animal Control
- 10) Please list all shared services agreements the applicant is currently actively pursuing.
- TBD
- 11) Has the applicant reviewed all employees to ensure that they are not required to be paid as vendors? (i.e., an employee who might serve as a partner at law or engineering firm and that current law prohibits from being enrolled in the pension system? See Pages 18-19 of the [July 17, 2012 State Comptroller report.](#))
- Yes. The IRS audited the Township in 2013 and they determined that many of our "vendors" met their definition of "employee" such as referees, sports officials, substitute attorneys and judges, transcribers. They are being paid through our payroll.

- a. **Has the applicant removed all lawyers, engineers and other professionals who work for an outside firm from their status as pensionable employees?**
 - As instructed by the Division of Pensions, Township Attorney, Planning/Zoning Board Attorneys, and Prosecutor that were hired prior to June 2007, are to remain members of the pension system. Those hired after that date are enrolled in DCRP.
- 12) Provide a list of attorneys, advisors, consultants, and any other person, firm, business, partnership, corporation, or other organization which received any remuneration of \$17,500 or more during the preceding fiscal year for any service whatsoever rendered to the applicant.**
- **See Attached**
- 13) Explain any other local actions in the current year that are designed to obviate or reduce the need to issue debt or to seek approval for this application?**
- a. The Township continues to prioritize its capital projects and limit debt authorized annually to manage the impact of debt service on our budget.
 - b. The Township engages the services of a grant writer to maximize our ability to apply for and receive grant funding to relieve the pressure on our municipal budget and lessen the tax burden; enabling us to take advantage of opportunities, we might not otherwise be aware of.
 - c. The Township continues to actively seek grant and loan opportunities offered by State and Federal Agencies to finance eligible capital projects at reduced interest rates and other favorable repayment terms.
 - d. The Tax Assessor aggressively pursues all building permits that may be considered as added assessments to ensure timely inclusion in the tax duplicate. The Township is currently undergoing a Township-wide Revaluation Program in compliance with the County of Essex Revaluation Order.
 - e. The ongoing transition and redevelopment actions at the Hoffman LaRoche/Prism property remains the most uncertain driver of our financial stability. Since their announcement to close this site, we have seen our ratable base reduced by over \$198 million. The developer of this property, PB Nutcliff I LLC (Prism), has indicated that it will be several years before this property will be transformed into its next use. New tax ratables have not been added and current property taxes have been stabilized at \$4.0 million of a \$10.5 million loss.
 - f. Approximately 11 acres, at the center of the main campus, has been converted into a Medical School/Research Facility, which required establishing a PILOT Agreement for this phase. The property, other than 2.7 acres where the building exists, is now a parking lot and green space campus. The demolitions in this 10-acre area reduced our tax revenue from \$3.1 million in 2013 to approximately \$580,000 under the PILOT agreement. The decision to support this use was fully coordinated with the Governor's Office. It was fully understood and agreed that the Township of Nutley could not and cannot afford the permanent revenue loss arising from this use. It was also understood that establishing a private Medical School met a State wide need for Doctors further solidifying the need for permanent aid. That permanent aid is \$3.0 million.
 - g. We have finalized negotiations for Phase IIA redevelopment plan to sub-divide part of the property in order to drive occupancy in the remaining 3 buildings on the site

and construct a 2500 space structured parking garage to provide parking on the Nutley side of the campus for 2 of the 3 buildings.

- h. Forward redevelopment progress has stalled for almost a year. Unresolved issues concerning infrastructure, schools, and traffic have dampened any redevelopment discussion. We made you aware of these issues last year. We have engaged Sam Schwartz & Co. to complete a comprehensive traffic study for the site. The results show that limited improvements can be made to existing local roadways and Rt3 is constrained by only accommodating Eastbound traffic. The Redeveloper does not acknowledge our multiple concerns. Our traffic expert has determined that a future build out of 3.5 million square feet estimated by the Redeveloper must be reduced by at least 1.0 million square feet. While we raised concerns last year regarding this, we have now been able to quantify the impact.
- i. We are working on a model for the construction of a Westbound flyover that would be a solution to the complex traffic issues. This would require many approvals and funding before it could become a reality. It would take several years of effort by Federal, State and County officials to accomplish.
- j. We have previously provided competent information regarding our existing state aid, noting that there are significant disparities in the aid that Nutley historically has received in comparison to neighboring towns. These differences are daunting and place a significant burden on our residents. The combination of this issue and the loss of ratables that represent fifty percent of our commercial ratable base and almost ten percent of our tax levy is a perfect storm for our Township.
- k. We have taken many actions locally and we continue to work to resolve the complex issues associated with a campus that occupies two counties and two municipalities. Any reduction in aid that is directly tied to our ability to redevelop the Roche property has significant risks as outlined in the application. Most importantly, a decision to allow a Medical School use, in partnership with the State and documented and discussed, only serves to affirm our need for permanent vs transitional aid. The Medical School is a great win for NJ, however, it is time for the State to make good on its commitment for permanent aid.