

Transitional Aid Application for Fiscal Year 2021
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by August 28, 2020 for funding consideration under this program. Information contained in the application is subject to independent verification by the Division. Refer to Local Finance Notice 2020-16 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 2020	FY 2019	FY2018
\$19,500,000	\$20,000,000	\$10,000,000

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

Amount of aid requested for the Application Year:	\$22,500,000
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2020-16.

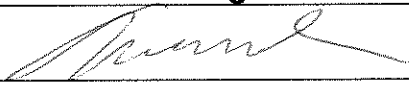
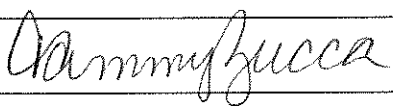
III. Submission Requirements

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
2020 Annual Financial Statement	August 10, 2020
2019 Annual Audit	April 15, 2020
2019 Corrective Action Plan	May 12, 2020
Application Year Introduced Budget	September, 2020
Budget Documentation Submitted to Governing Body	September, 2020

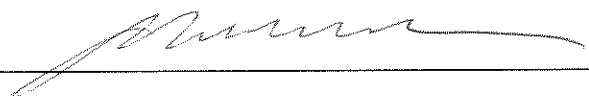
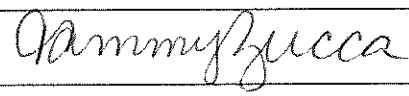
IV.A Application Certification

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		8/28/20
Governing Body Presiding Officer		
Chief Financial Officer		8/28/20
Chief Administrative Officer		

IV.B FY2020 Transitional Aid Recipients Applying in 2021

FY2020 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		8/28/20
Governing Body Presiding Officer		
Chief Financial Officer		8/28/20
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.

In the SFY2021 application, the city is requesting an additional \$3,000,000 in aid in response to budgetary losses. The city, not unlike other municipalities throughout the State has been severely impacted by the Covid-19 pandemic. This unforeseen event has caused a severe and far reaching affect not only on the city, but on residents and businesses. The economic impact on the city will not be fully realized for years to come.

In an effort to lessen the severity of the impact on the budget, the city is continuing to review ways to reduce expenditures and increase revenues. The number of Covid-19 expenditures has increased exponentially, and although the CARES Act and FEMA will cover some expenses, a number of unanticipated expenditures will have to be funded through the city's budget. Without the additional aid, the city's budget would be severely negatively impacted and may result in cutbacks in municipal services and limit the city's ability to protect the public's safety, health and welfare.

The city will only allocate funding for emergency or priority projects. Several projects involving the city's infrastructure have not been completed due to these financial constraints. If the city does not dedicate funding to these projects, emergency repairs will continue and result in a more costly expenditure for the city.

The Division's guidance will be instrumental in the recovery of all municipalities during these unprecedented times. Allowing the city to use a 3-year average for revenue anticipation or allowing additional deferred charges will be of great assistance. Additionally, the city will continue to explore all options to place the city finances in the most encouraging position without excessively burdening the tax payers who cannot afford a larger tax bill.

An increase in Transitional Aid for SFY 2021 would assist the city with more financial stability to continue to take the necessary steps to increase ratables, identify additional cost savings and eliminate redundancies while recovering from the impacts of the Covid-19 pandemic. We look forward to working the Division staff to assist us in achieving this goal.

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.

Redevelopment discussions are on-going for a few major properties in the city. The Covid-19 pandemic has delayed many projects and discussions are now on-going as to the feasibility and continuation of a few projects. One project, which is promising, would create market rate housing and another public park for the city. This project, if agreed upon, would not require a PILOT and would provide a new ratable for the city. 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 ratables, 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	2019 Value	2020 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 combined 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 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 has entered into more interlocal agreements than in past years. Interlocal agreements for a health officer, 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 realized a significant savings from enrollment of qualified retirees in the Medicare Advantage Plan. The city will receive a savings of approximately \$3M. Additionally, the city will continue to offer employees incentives to switch to more cost-effective plans creating a savings for the city.

The city is reviewing fee ordinances and will update and increase fees where appropriate.

The city has been discussing new development projects in order to increase ratables. One project could bring 100 market rate residential units to Union City on a now vacant lot. Additionally, another project is being discussed to bring a hotel to Union City, which will create jobs and provide a hotel tax.

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 city received an additional cost saving of approximately \$3M with 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 2020, \$421,575
- Fiscal Year 2019, \$308,382
- Fiscal Year 2018, \$308,487
- Fiscal Year 2017, \$290,000

Commissions for the current year approximate 1.8% of premium and total approximately \$421,575. 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	2019	2020	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$4.741	4.808	4.812
Municipal Purposes tax levy	\$70,763,174	\$73,063,173.93	\$73,357,693.21
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$141,305,545	\$140,018,017.5	\$139,469,757.62

2. Cash Status Information			
% Of current taxes collected	99.91%	98.33%	%
% Used in computation of reserve	98.89%	98.81%	98.81%
Reserve for uncollected taxes	\$1,168,125.16	\$1,081,875.55	\$1,288,614.08
Total year end cash surplus	\$0	\$0	
Total non-cash surplus	\$2,909,292	\$2,342,302	
Year end deferred charges	\$13,971,338	\$19,718,922	

3. Assessment Data			
Assessed value (as of 1/10)	\$1,506,473,899	\$1,524,476,205	\$1,524,476,205
Average Residential Assessment	\$116,000	\$118,000	\$118,000
Number of tax appeals granted	75	0	
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	308	173	165
Total S&W Expenditures	\$21,300,000	\$21,700,000	\$22,100,000
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	N/A	NA	NA
All Other Employees - Staff Number	503	672	604
Total S&W Expenditures	\$14,963,752	\$15,745,002	\$19,085,162

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			1,524,476,205
Introduced Tax Levy			\$73,357,693.21
Proposed Municipal Tax Rate	4.808	Average Res. Value (#4 above)	\$118,000
Current Year Taxes on Average Residential Value (#4 above)			\$5,674
Prior Year Taxes on Average Residential Value			\$5,676
Proposed Increase in average residential taxes			Stable

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

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		
\$3,939,395.51		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$3,371,016.75		
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:		X
\$0		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Health Insurance	\$19,799,272	\$20,710,000	\$910,728
Deferred Charges	\$1,187,709	\$1,994,352	\$806,643
PFRS	\$5,831,904	\$6,589,173	\$757,269
Police Salaries & Wages	\$21,897,378	\$22,100,000	\$202,622
Debt Service	\$11,841,673	\$11,667,657	\$174,016

D. List all new property tax funded full-time positions planned in the Application Year:

Department/Agency	Position	Number	Dollar Amount
	N/A		

Application Year: FY2021	Municipality: City of Union City	County: Hudson
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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	\$74,421,240	\$46,119,859	\$19,500,000	\$40,556,927	\$99,484,172
Second year	\$70,763,174	\$49,258,194	\$20,000,000	\$36,513,752	\$104,791,794
Third year	\$68,012,330	\$43,462,210	\$10,000,000	\$38,033,395	\$74,527,888

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 2020 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 2020: Date:		Various
4. Date of last tax sale: Date:		June, 2020

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:

2019	\$291,833	2020	\$224,249	Anticipated Application Year:	\$224,248
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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 2020?

VNB -.10%/Oritani 1.1485%

4. Left Blank Intentionally

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

Donohue, Gironda, Doria

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

2000

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	PENDING
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	2020 PILOT Billing	2020 Assessed Value	2020 Taxes If Billed in Full at 2019 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
Union Plaza	Moderate Housing	\$363,108	\$17,695,600	\$1,256,918	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	\$39,421	\$5,158,400	\$366,401	50 Years

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"/>			

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

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	2019 Full Time Staffing	2020 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


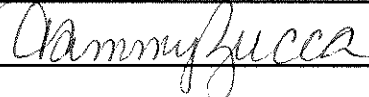
XII. Agreement to Improve Financial Position of Municipality

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 2020 MOU and is operating in good faith to correct those area of noncompliance that have been identified.

Mayor:  Date: 8/28/20
 Chief Financial Officer:  Date: 8/28/20
 Chief Administrative Officer: _____ Date: _____

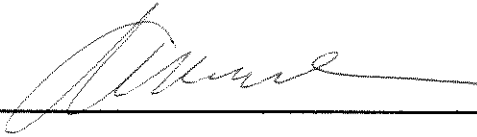
XIV. CAMPS Certification (County and Municipal Personnel System - Civil Service municipalities only)


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: 8/28/2020
 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: 8/28/20

Chief Financial Officer:  Date: 8/28/20

Chief Administrative Officer: _____ Date: _____