

**Transitional Aid Application for Calendar Year 2026
and Fiscal Year 2027**

**Division of Local Government Services
Department of Community Affairs**

General Instructions: This application must be submitted in its entirety by February 27, 2026, for CY 2026 applicants and September 25, 2026, for FY 2027 applicants for funding consideration under this program. Information contained in the application is subject to independent verification by the Division of Local Government Services (DLGS). Refer to Local Finance Notice 2026-03 when preparing this application for specific instructions and definitions and review the Submission Checklist on page 19 of this application.

Name of Municipality:	City of Salem	County:	Salem
Contact Person:	Stephen F. Labb	Title:	Chief Financial Officer
Phone:	856-935-0372 Ext. 206	Fax:	856-935-6360
E-mail:	slabb@cityofsalemnj.org		

I. Aid History

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

FY 2026 / CY 2025	FY 2025 / CY 2024	FY 2024 / CY 2023
\$1,889,000.00	\$ 1,889,000.00	\$1,889,000.00

II. Aid Request for Application Year

If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2026-03.

Amount of aid requested for the Application Year:	\$3,757,000.00
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III. Submission Requirements

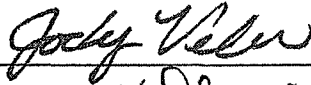
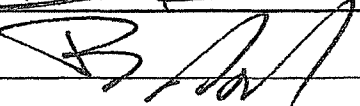
The following items must be submitted with or prior to the submission of this application. Indicate the date of submission of each.

Item	Date Submitted to DLGS
2026 Annual Financial Statement	3/10/2026
2025 Annual Audit	Due 8/31/26
2025 Corrective Action Plan	Due 60 days after audit
Application Year Introduced Budget	4/13/2026
Budget Documentation Submitted to Governing Body	3/9/26 & 3/16/26

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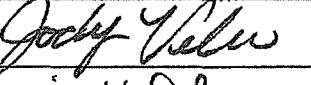
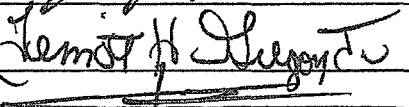
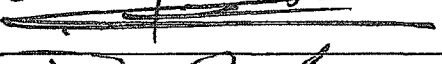
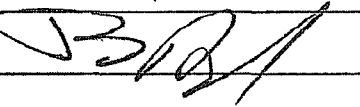
IV. A. Application Certification

The undersigned herewith certify that they have reviewed this application and, individually, believe 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 an aid award is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer		3/16/26
Governing Body Presiding Officer		3/16/26
Chief Financial Officer		3/16/26
Chief Administrative Officer		3/16/26

B. Transitional Aid Recipients Applying in CY2026 / FY2027

Municipalities operating under a MOU must certify that they are in substantial compliance with all conditions and requirements of the MOU.

Official	Signature	Date
Mayor/Chief Executive Officer		3/16/26
Governing Body Presiding Officer		3/16/26
Chief Financial Officer		3/16/26
Chief Administrative Officer		3/16/26

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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 would it jeopardize the fiscal integrity of the municipality?

Salem City is aware of the requirement to only apply for 85% of last year's award amount. In our case that would be a \$283,350.00 decrease (from \$1,889,000.00 to \$1,605,650.00). We have worked very hard to meet the TA program goal of requesting the 85%, but several factors have sidetracked that plan.

I would like to begin by stating the good news that according to the Municipal Revitalization Index, the City of Salem has dropped from the #2 most distressed Municipality in the State to #4. This is a big accomplishment considering that a few years ago we were #1. This is the result of the dedication and hard work of our elected officials, our staff and the support we get from DCA. Our victories may seem small, but for us this is a big deal. The smiles on the faces of our staff this morning just proved how dedicated they are to the effort. We are fortunate to have a mayor like Mayor Dr. Jody Veler that works tirelessly every day to move our city forward. We want to emphasize that we fully recognize that we would not be moving forward without the much-needed financial support from the State of New Jersey.

The sale of the W&S Utility was delayed by the NJ Office of State Comptroller (OSC). OSC mandated that the City procure a second independent financial evaluation. Your office generously provided the City with Supplemental Transitional Aid to cover the cost of that evaluation. This new mandate delayed the possible sale of the utilities. Then the residents of the city distributed a petition and acquired enough signatures to have the city put the sale question on the November 2023 ballot. The city voters overwhelmingly approved the city sale of the Water and Wastewater Utility for \$18 Million. That sale was finalized in June of 2024. The city was still responsible for the costs of running the utilities for half of 2024. The true relief for the city of selling the Utility was not realized until well into 2025.

Another issue that has hindered our efforts to lower our request for Transitional Aid is our tax collection rate. Our Tax collector resigned in July of 2024 and although we were able to hire an exceptional tax collector, she could not start until August of that year. Ms. Jennifer Koeturius worked very hard to get our collection rate up and the rate increased from 74.29% in 2023 to 80.07% in 2025. Jennifer and her new Tax Clerk have been working very hard to get the final collection rate to exceed last year's percentage. They are very consistent with mailings and reminders to the taxpayers. This work has paid off as our collection rate has continued to move in a positive direction.

In 2025 the City of Salem Ratable Tax Base decreases from \$ 116,617,230.00 to \$ 107,810,770.00. This translates into a loss of \$ 8,404,460.00 in the Taxable Tax Base. The cause and effect of the decreased ratables is an automatic increase in Local Taxes of **50 cents**.

We are also faced with the fact that two of our highest taxed properties did not pay taxes in 2025. The Campbell center is in bankruptcy and that leaves a \$1,041,842.27 unpaid balance. We are in the process of foreclosing on that property and should have that completed by the end of the year. The owner of one of the City's shopping plazas did not pay taxes in 2025 and so far in 2026. That leaves a balance of almost \$120,000. That property will be going to Tax sale in May of this year. The owners of the former Ardaugh Glass factory site did not pay taxes in 2025, but we are currently in negotiation with them on a Redevelopment agreement.

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Another issue that continues to plague the City involves the Finlaw Building. In the 2024 Application, we listed the fact that the 3rd Legislative District moved out of the Finlaw Building which left a \$135,000 revenue shortfall for 2022. That same space has now been taken by the newly elected 3rd District Officials, but for a smaller area and much less rental rate. The difference in rent severely hinders our ability to pay back the Finlaw refinancing bonds. In the last two years, we were required to replace the HVAC system for \$575,000 and that was added to \$35,000 for immediate repairs. We are required to replace the carpet and paint the interior in 2026. Rough estimates are \$400,000 for carpet and \$250,000 for painting. Our plan is to put these projects off until late 2026 and 2027, but we will have to get an agreement from the tenants. A recent issue with their sump pumps failing has resulted in a \$65,000 to \$72,000 replacement cost.

Two other issues that have created financial concerns moving into 2026 are the increased cost of EMS and the need for animal control services. We joined a shared service with six other Salem County municipalities and after twice receiving proposals, the best proposal resulted in an almost \$260,000.00 increase for Salem City over what we paid in 2025. Many municipalities in the County are scrambling to find an animal shelter. The shelter many of us were using in Cumberland County did not renew our contracts for 2025. The County is planning on buying a site and building a new shelter, but we only have ballpark numbers for what that will cost each Municipality so far. This situation could create added stress to our budget situation in the second half of 2026.

Over the last several years, the City has taken possession of over 150 properties, and we continue to work diligently on developing a housing strategy. We recognize the need to prioritize getting these properties back on the tax rolls. Our Commerce Director, Mr. Bailey, resigned in July of 2024 and this set us back as we searched for the right candidate to replace him. We were able to hire Sean Brown in mid-November and the results have been promising. Mr. Brown has organized his department and improved efficiency in every way. He has helped develop a Housing Strategy that includes auctions, a single house developer program and a dollar house program. He continues to be creative to find options for getting City owned properties back on the tax rolls. In 2025 we contracted with Max Spann Auction Co. for an auction that was conducted in April and produced \$280,000 in revenue for the City. This added \$249,200 in assessments and \$21,194.48 in estimated annual taxes.

In 2025 the sale of eight City properties produced an additional \$65,000 in revenue and we have several other properties that have interest from prospective buyers. Sean has been instrumental in working with people looking to rehab many of our distressed City properties. He helped facilitate redevelopers working with homeowners that have fallen behind in their taxes. This process will produce tax revenue on properties where the owner would most likely have simply walked away from their tax debt. These property owners are basically “underwater” with their properties with not much chance of paying the tax debt that continues to grow every quarter. Mr. Brown has also done crucial work reaching out to developers and investors. He has brought many new players into the picture to help create a better future for the City of Salem. Sean was instrumental in bringing Restrepo Redevelopment to the City. The developer paid \$90,000 for seven properties and is close to finishing building some of the nicest homes in the City in a distressed neighborhood. That development will change the entire neighborhood and is already drawing interest from other developers to the city.

For a city that applies for and in many cases, depends on grant money, the position of grant writer/manager has become vital. The Governing Body had determined that we needed to hire a separate Grant Writer/Administrator. Thanks to the Supplemental Transitional Aid that we received; we were able to hire an excellent person to fill this position in 2024. Emily Hazy made a big impact in 2025 with finding Grants, applying for Grants and managing them. Having one person focus on grants has put us in a better position to get and manage the grants in a timely manner. We had difficulty filling the position, but in the short time she has been with us, Emily has proven that she is the right person. Continuing to fund this position is vital for the success of the City's many plans for the future. Ms. Hazy has more than covered her salary with Grant money she has brought into the city.

Another issue we had to deal with this year was that South Jersey Port Corp. (SJPC) recently purchased an additional six properties in the City and they agreed to a tax agreement to compensate the city for the tax revenue loss from their purchase. We also presented a plan to the state Treasury Department for a more equitable payment for the properties that SJPC has owned for many years. That agreement paid the City \$31,224.37 for properties that are assessed at \$2,035,000.00. Those properties would produce approximately \$168,000.00 in tax revenue if privately owned. We presented a plan to the State Treasurer's office to increase the \$31,224.37 payment to a more equitable amount. Our hope is that we can secure those additional funds in 2026. As a point of reference, the activity at the port currently operated by SJPC has not created any jobs or any sort of business activity in the area.

A. Salem City's Economy vs the States Average

- Salem City Residents Median Household Income equals \$38,721 vs the State Average of \$103,556.00.
- Salem City Unemployment Rate is 9-12% vs State Unemployment Rate of 5.4%.
- Salem City Poverty Level is 24.8% vs State Poverty Level of 9.2%.
- Salem City Home Value is \$ 79,800.00 vs State Home Value Average of \$556,462.00.

Other Factors

- Salem City (Wildwood, Camden & Atlantic City) had the highest percentage of residents making less than \$20,000 per year who paid more than 30 percent of their income for housing costs. - NJ.com Dec. 12, 2016
- City population has declined 27% in the last 20 years.
- Existing Municipal Revitalization Index Update (MRI): **Salem City ranked #4** out of 564 Municipalities in the State.

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B. Establishing a “Senior Management Team”

The State Resource Network study completed in December 2018 stressed the importance of putting together a strong management team. A Deputy Treasurer was hired September 2019 and then moved into the position of CFO in December 2020. The city hired an Administrator / Certified Clerk in August of 2019. In July of 2024, three key management positions were vacant due to resignations. The Tax Collector, CFO and Housing/Grant/Commerce Director resigned partly due to the city being unable to match salaries being offered in other municipalities. The city has filled these positions with highly qualified professionals and the results have already produced many positive results. We filled our CFO position with a shared service agreement with Penns Grove. We were very fortunate to be able to hire Mr. Steve Labb through the shared service agreement. Steve is an excellent CFO and is very experienced with the Transitional Aid Application. We recently hired a new Deputy Municipal Clerk and Tax Clerk to replace employees that moved on. The Deputy Clerk left for a position that paid considerably more. The good thing is that we feel that we have upgraded both of those positions with the new hirings.

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B. Demonstration of Revenue Loss/Substantial Cost Increase

Show: (1) specific, extraordinary revenue losses, but not as the aggregate of many revenues 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 expenditure increase if the increase resulted from 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	2025 Value	2026 Value	Amount of Loss/Increase
Appropriation	\$2,336,000.00	\$3,120,000.00	\$784,000.00
Description:	Group Health Insurance		
Appropriation	\$2,157,582.82	\$2,827,775.79	\$670,162.97
Description:	Reserve for Uncollected Taxes		
Revenue	\$1,889,000.00	\$1,605,650.00	\$283,350.00
Description:	Transitional Aid 85% of 2025 Award		
Appropriation	\$94,800.00	\$353,932.68	\$259,132.68
Description:	Aid to Ambulance Companies		
Description:			
Description:			
Description:			

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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, the impact of new development, the 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:

- 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.

Use additional pages if necessary.

A. Economic Development

The City continues to take an aggressive approach to gain fiscal recovery and economic revitalization, which it believes is the only way towards sustainable financial stability and quality of life for its community. To stimulate the Economy, the city began investing in economic development to capitalize on its assets. This includes investing in strategies using the city's Commerce Department and Brownfield Development Area Steering Committee (BDA). The Commerce Department and BDA Committee have completed its ***Waterfront Redevelopment Zone Plan*** and established a ***Neighborhood Transformation Initiative***. In addition, the city is actively marketing its resources and working with individual investors and government organizations to provide incentives for labor, energy, and taxes to those businesses locating in New Jersey. Mr. Brown has been very active in marketing the city at conferences and anywhere he sees an opportunity to bring commerce to the city. Having someone that can dedicate their time and efforts full time on projects like housing, working with developers and Government agencies has created several avenues for the city to move forward.

These are just some of the projects that the city has worked on that have been successful:

The city applied for the COPS grant and the city was awarded \$250,000 to cover the cost of two officers over a three-year period which was received in 2020. In 2021 the city also received an \$800,000.00 Multipurpose Brownfield Cleanup grant from the Federal EPA.

The city worked with Grieves Parkway LLC to select a location and navigate through our planning and zoning process. The Planning Hearing board approved two large warehouses to be built by the company providing up to 160 new jobs. The warehouses will be built on vacant land with two large structures, 160,000 sq ft and 230,000 sq ft. This will result in additional tax revenue for the City of Salem. A PILOT is being negotiated for this \$28 Million investment project.

The City was excited to hold our first auction on over five years for 50 City owned properties. Even more important, these properties will be back on the tax rolls and these blighted properties will be cleaned up and restored. The City has 113 properties currently in the final stages of the In Rem foreclosure process. Unfortunately, the Foreclosure process was delayed due to a Supreme Court ruling concerning foreclosures in another state. The owners of these properties are not paying taxes, and this has severely affected our tax collection rate. They are also not maintaining the properties which does create health, welfare and safety issues. Many of these houses are near the point of being unrepairable, therefore creating a need for money for demolition.

The city applied for and has been approved for the DCA Demolition Bond Loan Program. We did demo 17 structures in the last two months and are preparing our next list that will include a dangerous structure located in the same area as our Middle School. The buildings we took down were extremely dangerous and made our streets really look bad. The difference in those areas is incredible. We could really use additional funds to take down more dangerous structures.

The city has targeted two areas, the Downtown and on Olive and Union streets. Downtown will be part of a downtown business revitalization project and Olive and Union streets are part of a neighborhood initiative called the Quality-of-Life Impact Zone (QIZ) designed to increase home ownership and reduce crime.

The City has been talking to the new owners of the Ardaugh Glass property. The plant has been shut down for years and at one time was the largest employer in the city. The property was purchased through a private auction by Salem City Industrial Investments. We are currently negotiating a redevelopment Agreement with the new owners. There are some environmental issues that exist on the property, so this process is moving slowly but in a positive direction. This is one of several examples of the city working in collaboration with our NJ DEP representative, Vince Caliguire, on important projects. Vince works with the City through NJ DEP's Community Collaborative Initiative Program (CCI) and he has been extremely helpful in the time he has been assigned to Salem City. Vince has been an important source for possible cleanup funding for the site. (See Appendix A)

The City recently issued an RFP for interested developers for our closed landfill. Four solar companies submitted proposals, and they are currently under review by our team. A decision will be made in the next two weeks on which proposal to accept. Once developed, this property will produce consistent revenue for the City. All proposals are for lease agreements based on the amount of power generated. One company has also presented an option to buy the landfill as an alternative to a 20-year lease agreement.

The City has been designated an **Opportunity Zone** by the Governor, which will allow for capital gain incentives to investors and Salem City was one of only 13 communities awarded the **State Resource Network (SRN)** grant by Commissioner Oliver for economic development technical assistance, including a financial recovery plan and economic development strategy.

The City is continuing to implement the initiatives presented in the NJ SRN report (12/2015) in coordination with our State Monitor's recommendations. The city has already implemented the following:

- 1) Salem City has rebuilt a strong management team by appointing a certified CFO through a shared services agreement with a nearby Penns Grove. The city brought in Mr. Brown to handle Housing and Commerce. We hired a new and well experienced full-time Tax Collector to move the city forward with improving our tax collection rate. Jennifer has already moved that needle considerably. Two Code Enforcement Officials were hired to help clean up the City's overall appearance and the difference has

been very noticeable.

- 2) The City property auction produced well-needed revenue.
- 3) The city agreement with Restrepo & Associates to build six new market value homes on Linden Street has changed the entire appearance of that neighborhood.
- 4) Several years ago, the city refinanced the 19-million-dollar Finlaw Building debt. This has made debt service payments more manageable moving forward. In this effort our team was able to renegotiate leases with the Department of the Treasury to extend them from 2028 to 2048. This will guarantee a revenue stream to service the debt.
- 5) We are consolidating from three fire houses to one. This will also allow the City to sell three properties and eliminate equipment.

In addition, the city has doubled down on efforts to address the closed supermarket (Incollingos). The great news is that at our last City Council Meeting the owner of Rastelli Markets along with Assemblyman Dave Bailey announced that a soon to open market will be in operation in our downtown. This market will offer fresh meats, fruits and vegetables for the first time in over ten years.

The City's established NTI program (Neighborhood Transformation Initiative) is a partnership with the *USDA* to increase homeownership in Salem. The initiative allows for Low/Moderate income households to receive loans at 0% down payment, 1% interest, up to 38-year mortgages. We recently amended the Ordinance to make the program more accessible to City residents. In addition, the city is looking into a possible partnership with NACA (Neighborhood Assistance Corporation of America) for similar homeownership incentives and help for people facing foreclosure.

The city continues to Collaborate with Stand Up for Salem, Salem County, Salem County Community College, the State of New Jersey, State of New Jersey Department of Labor, and the South Jersey Transportation Planning Organization, United States Department of Agriculture (USDA).

B: Plan to constrain or reduce staffing costs.

The City settled its contracts with FOP and Crossing Guards at a fair and financially responsible rate. We do have a severe issue recruiting police officers and given our crime issues, we do not want to lose the very good officers that we do have. Our Blue-Collar Workers contract expires at the end of 2027.

The City owns and is responsible for over 250 properties. Keeping those properties maintained has put a tremendous strain on our Public Works staff. Keeping the grass cut and property cleared of trash and debris has proven to be an impossible task. Many of these properties have been abandoned and are not secure, making them prime locations for squatters. We started a program to board up properties, but trying to get to all of them with our limited staff has been a problem. We also have over 100 privately owned properties that have been abandoned and many are not secured. Those properties are also open to squatters and need to be boarded up as soon as possible. Squatters create dangerous health and safety issues since often they start small fires inside which have in the past become full building fires. We have been fortunate lately that we have not had any

major fires due to squatters. As we try to bring in new homeowners and businesses, the appearance of the city is important, and we do not have the staff to keep up with keeping the City looking its best.

We do recognize the importance in getting these properties back on the tax rolls and in the hands of homeowners and business owners that will maintain their properties. The result being less stress on our employees and a better appearance for our city. We will continue to foreclose on these properties as our finances allow. The cost of In Rem foreclosures has gone up considerably due to the added notification requirements that have been added to the process.

C: Plan to eliminate, reduce or constrain the costs of non-essential services.

Several years ago, the city eliminated the recreation programs at the JB Campbell Community center due to decreased participation. The contract at the center was at a cost of \$20,000. The City eliminated a consultant that worked on vacant property registrations and some other department programs and is now doing the work in-house.

D: Plan to maximize recurring revenues.

The City has continued to foreclose on properties through the In Rem process. The city has hired special counsel to execute the In Rem foreclosures. This process was on hold due to the Supreme Court ruling on foreclosures, but the process has now been resumed the City put together another foreclosure list for 2025 that included 21 properties. The city is also exploring selling (assigning) some of the Municipally held liens.

UPDATES FROM SENIOR STAFFING AND PROFESSIONALS

Tax Department's Plans for 2026:

- Increase the 2026 collection rate from the anticipated 2025 rate of 80.07% to 81.5%. This would be the highest collection rate since 2019 of 81.39%.
- Completion of the active In Rem Foreclosure Schedules for 113 parcels, which would reduce the uncollected revenue balances. (See Appendix B and C)
- Completion of municipal lien assignments which allows the collection of prior and current year charges.
- Completion of principal only municipal lien redemptions which allows the collection of prior and current year municipal charges.
- Continue working with the Housing Director with Land Bank preparation and the selling of City owned parcels which would increase the ratable base.
- Offer ACH debit service to property owners for quarterly tax payments.
- Offer email reminders of upcoming tax quarters, tax sales, etc. to property owners.
- Offering in office credit card processing as an additional means of revenue collection.

City of Salem – Department of Housing and Economic Development

Over the past year, the City of Salem has continued to strengthen its housing, redevelopment, and economic development strategies with a focus on stabilizing neighborhoods, increasing the tax base, and supporting long-term fiscal sustainability. The Department of Housing and Economic Development has played a central role in coordinating these efforts across multiple municipal departments, state agencies, and private partners.

A key component of this work has been the continued implementation of Salem's property disposition strategy. In 2025 the City conducted a public auction of municipally owned properties. The auction provided valuable lessons that are informing our strategy moving forward. Among the challenges identified was the inclusion of historic preservation properties, which created complications for prospective buyers due to regulatory requirements. Additionally, the city learned that auctions can be difficult for vacant lot sales in a market where construction costs remain high. Developers are often hesitant to acquire lots through auction when future construction timelines and financing remain uncertain. As a result, the city intends to continue utilizing auctions but with a more focused and strategic approach. Future auctions will prioritize properties acquired through the ongoing In Rem foreclosure process that have been evaluated by City staff, consultants, and auction professionals as having the highest likelihood of successful redevelopment and revenue generation. This targeted approach will allow the city to maximize both redevelopment outcomes and fiscal returns.

The In Rem foreclosure process itself remains an important tool in Salem's housing stabilization efforts. The Housing Office, Administrator's Office, and Tax Office are working collaboratively with the City's redevelopment attorney and Housing Committee to advance foreclosure actions on long-delinquent properties. Through this coordinated effort, the City anticipates acquiring several additional properties in the coming year. Based on current redevelopment timelines, a number of these properties could be rehabilitated and returned to productive use by 2027.

The city has already begun to see meaningful results from its redevelopment partnerships. Through collaboration with local and regional developers, several formerly vacant and abandoned structures have been rehabilitated and reoccupied. One recently redeveloped property is currently under contract for approximately \$190,000 and will return to the tax rolls without the need for a tax abatement. In addition, the City anticipates that at least six additional homes will be occupied by families this year in properties that had been vacant, abandoned, and tax delinquent for more than a decade. Each of these properties represents a direct improvement to neighborhood stability, property values, and municipal revenue.

In support of broader economic development goals, the City has also facilitated a partnership between Ranch Hope and regional food manufacturer Rastelli's to establish a grocery option at Fenwick Plaza. This project will convert currently vacant office space into a grocery retail location, addressing one of Salem's most pressing community needs—access to fresh food. Importantly, this project was completed without the use of local taxpayer funds. Instead, the city leveraged grant resources from its Choice Neighborhood initiative to help close financing gaps. This approach reflects Salem's broader strategy of strategically deploying grant funding to catalyze private investment and address community needs.

Another major initiative underway is the establishment of the Salem Land Bank in partnership with the Cumberland County Improvement Authority. The City continues to work closely with the Authority and with national nonprofit consultant the Center for Community Progress to ensure that the transfer of properties into the land bank is structured effectively. The initial focus of the land bank will likely emphasize residential stabilization addressing vacant and abandoned housing while increasing middle-income homeownership opportunities in the city.

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To support these redevelopment efforts, the city has also invested in improved planning and market analysis. Using grant funding, Salem commissioned a housing market study and is currently in the process of hiring a housing development consultant. The consultant will assist in preparing development packages designed to attract qualified builders and nonprofit Community Housing Development Organizations (CHDOs). At the same time, the city is updating its Housing Program Manual for the first time in many years. These updates will expand eligibility for housing assistance programs and better align local resources with current housing market conditions.

All of these initiatives share a common objective: increasing middle-income homeownership, reducing vacancy and abandonment, expanding population, and returning properties to the municipal tax rolls.

The city is also advancing several large-scale economic development projects that will significantly improve Salem's long-term fiscal outlook. The city is nearing completion of a redevelopment agreement with Orlando Perdomo, the new owner of the former Salem Glass Factory site. This property remained vacant for decades, but redevelopment of the site is expected to generate new employment opportunities and support surrounding housing and commercial investment.

Similarly, the South Jersey Port Corporation has acquired additional land near the Salem port and is currently implementing a five-year capital plan to expand port capacity. Planned improvements include berth expansion and dredging of the river channel to accommodate larger vessels. These improvements will expand Salem's regional economic role while generating both short-term construction jobs and long-term maritime employment. Another significant opportunity involves redevelopment of the City's closed landfill. The city is in the process of selecting a developer to install a solar energy facility on the landfill site. Under the current proposal, the city would receive lease payments based on megawatt production. The City is also evaluating the possibility of selling the property for development. Regardless of the final structure, this project is expected to generate new revenue from property that previously produced none

Environmental remediation is also an ongoing priority. Salem currently has nearly thirty identified brownfield sites. The City continues to leverage Environmental Protection Agency funding alongside resources from the New Jersey Economic Development Authority and the Hazardous Discharge Site Remediation Fund to conduct environmental assessments, demolition activities, and remediation planning. These efforts are essential to preparing formerly contaminated sites for productive commercial or residential redevelopment.

At the operational level, the City has strengthened enforcement of its vacant and abandoned property program under the New Jersey Abandoned Properties Rehabilitation Act. The City continues to pursue vacant property registration fees and enforcement actions to ensure that absentee property owners maintain their properties and contribute to municipal revenue.

The Housing Department is also upgrading its inspection technology in 2026. The implementation of modern inspection software will increase efficiency, improve documentation, and allow the City to issue violations and citations more effectively. These improvements will both strengthen code enforcement and improve revenue collection associated with inspections and compliance.

Finally, Salem is updating its Master Plan and related zoning regulations. Particular attention is being given to the commercial and marina districts, where regulatory updates are intended to make it easier and less costly for businesses to open and operate. These reforms will allow the city to better target the types of commercial activity most likely to succeed while strengthening the local economy.

Taken together, these initiatives demonstrate the City of Salem's commitment to strategic redevelopment, fiscal responsibility, and long-term economic growth. By combining strong housing enforcement, targeted property disposition, strategic use of grant funding, and major economic development investments, the City is steadily stabilizing neighborhoods, expanding its tax base, and building a stronger financial future.

CITY OF SALEM**ENGINEER'S REPORT****SUMMARY OF MONTHLY ACTIVITY:****Town Bank Pump Station Renovation**

Update:

- The City of Salem has been awarded \$2,000,000 in congressional aide funding through the United States Department of Agriculture for the renovation of the pump station.
- Representatives of the City will meet with this office to review the project cost estimate and discuss the final application and funding process.

Watershed Inventory Report

Update:

- Additional revisions to the MS4 stormwater mapping are being completed with assistance from the Rutgers Cooperative Extension Water Resources Program.

Previously Reported:

- First draft of the MS4 stormwater mapping has been submitted to the NJDEP for review. Comments have been received and second draft is being prepared.

Demolition of 25 New Market Street

Update:

- CTM Environmental Services has completed the Phase I report along with the initial round of asbestos and lead-based paint testing.
- Upon completion of the Phase II asbestos testing, the project will proceed with the quotation process.

Previously Reported:

- CTM Environmental has been authorized to perform a phase 1 on this property to identify potential contamination.
- Quotes have been received by various contractors to perform the emergency demolition.

Market Street Brick Replacement

Update:

- Recommendation of Payment 2 has been submitted to the city.

Previously Reported:

- Construction has begun.
- Recommendation of Payment 1 has been submitted to the city.
- Think Pavers Hardscaping was the apparent low bidder at \$420,995.00

Page 3 of 4

Demolition of 17 Structures

Update:

- Payments 1 and 2 have been issued for work completed on the first two-thirds of the houses.
- Payment 3 has been issued for the underground storage tank allowance.
- Payment 4 will be processed upon receipt of the contractor's documentation verifying proper disposal.

Previously Reported:

- The apparent low bidder, Hook Constructions has been awarded the contract for \$379,495.00.

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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NJDOT: Resurfacing of Grieves Parkway – Phase II

Update:

- A proposal for engineering services has been submitted. Survey work will begin upon receipt of a resolution from the City.

Previously Reported:

- Salem City has received \$194,846 from the State of New Jersey to fund this project.

Keasbey Pump Station Retrofitting

Update:

- We are waiting on NJDEP, land use, and flood hazard area permitting.
- Watershed and Flood Inundation Area mapping is being prepared.

Previously Reported:

- Various venders have been contacted to recommend pump sizing and prices.
- This office has received resolution 2024-328 and has begun engineering services.

GIS Mapping:

Update:

- Further mapping is required; this office is preparing a proposal for services.

Previously Reported:

- Preliminary GIS mapping has been completed.

2024 Stormwater Pollution Prevention Plan

Previously Reported:

- That SPPP has been approved by the NJDEP. Upon submission by the City the \$50,000 grant will be released.

Demolition of Five (5) Residential Structures – Union Street:

Previously Reported:

- Demolition has been completed.
- 49 Olive Street has been deemed as an emergency demolition and has been added to this contract.

2023 Local Road Program (23167):

Previously Reported:

Page 4 of 4

- All payments have been finalized. Project is closed out and is on Maintenance Bond until 12/25.

New Jersey American Water Acquisition

Previously Reported:

- This office has submitted a proposal for performing GPR services on several properties to locate underground utilities top create access easements
- Subdivisions for Magnolia and Oak Street properties are being prepared to be submitted to the Salem City Planning Board.

2024 Local Road Program – Phase II

Previously Reported:

- Change Order 2 – Final, has been submitted to the city.

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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Swimming Pool Environmental Testing:

Previously Reported:

- All testing has been complete.

NJDOT FY24 – New Market Street:

Previously Reported:

- Rec of Pay 2, release of retainage, has been submitted to the city.
- Maintenance Bond has been submitted and will function until 5/27.
- This project has been completed and is ready to begin the closeout process.

Town Bank Watershed and Environmental Study

Previously Reported:

- Environmental testing results have been delivered.
- Research has begun for green infrastructure opportunities.

NJDOT: Resurfacing of Grieves Parkway

Previously Reported:

- The state has completed the PS&E review, and the project is ready to begin the bidding process.
- This office recommends bidding this project with Grieves Phase II, which will begin design once it receives 2025 NJDOT funding.

D. Discussion of Health Benefits

Please provide details on the municipality's current medical, prescription, and other health benefits plans (SHBP, HIF, self-insured, etc.) and all research undertaken to confirm they are the most cost-effective options. Additionally, if applicable, 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 a commission. If commissions are being earned, provide both how the commission is calculated (percentage of premium or self-insurance) and the actual dollar value of the commission paid each year.

The City of Salem is in the State Health Benefit Plan and is exploring all options that would make it cost effective for the city. The city switched to Benecard Prescription Plan which saved the city \$ 81,727.08 in premiums (See Appendix D).

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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VI. Historical Fiscal Statistics

Item	2024	2025	Introduced Application Year
A. Property Tax/Budget Information			
Municipal tax rate	\$4.104	\$4.307	\$7.016
Municipal Purposes tax levy	\$4,715,264.05	\$5,023,194.63	\$7,563,772.34
Municipal Open Space tax levy	\$0.00	\$0.00	\$0.00
Total general appropriations	\$13,058,678.25	\$14,115,706.59	\$14,823,637.24
B. Cash Status Information			
% Of current taxes collected	79.29	80.01%	%
% Used in the computation of reserve	76.00%	78.00%	78.00%
Reserve for uncollected taxes	\$2,286,584.80	\$2,157,582.82	\$2,827,745.79
Total year-end cash surplus	\$2,904,695.34	\$2,557,823.54	
Total non-cash surplus	\$59,565.76	\$0.00	
Year-end deferred charges	\$59,565.76	\$0.00	
C. Assessment Data			
Assessed value (as of January 10)	\$114,888,810	\$116,617,230	\$107,810,770
Average residential assessment	\$50,000.00	\$50,000.00	\$50,000.00
Number of tax appeals granted	1 County	4 County, 1 State	
Amount budgeted for tax appeals	\$0	\$0	\$0
Refunding bonds for tax appeals	\$0	\$0	\$0
D. Staffing Levels			
Total Number of Sworn Police -	24	24	24
Total S&W Expenditures	\$2,188,333.66	\$2,069,740.03	\$2,233,800.00
Class 2 and Class 3 Officers	0	0	0
Total S&W Expenditures	0	0	0
Uniformed Fire – Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$0	\$0	\$0
Number of Other Full-time Employees	26	24	24
Total S&W Expenditures	\$1,982,511.14	\$1,363,889.88	\$1,617,243.00
Number of Other Part-time Employees	22	26	26
Total S&W Expenditures	\$205,822.26	\$153,443.11	\$248,045.00

E. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			\$ 107,810,770.00
Introduced Tax Levy			\$7,563,772.34
Proposed Municipal Tax Rate	7.016	Average res. value	\$50,000.00
Current Year Taxes on average residential value			\$3,507.89
Prior Year Taxes on average residential value			\$2,153.50
Proposed increase in average residential taxes			\$1,354.39

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

1. Most current equalized ratio

2017
49.82 as of 2026

B. Proposed Budget – Appropriation Cap Information

1. Was an appropriation cap index rate ordinance adopted last year?

If YES: % that was used

2. Amount of appropriation cap bank available going into this year

3. Is the Application Year budget at (appropriation) cap?

If NO, amount of remaining balance

4. Does the Application Year anticipate the use of a waiver to exceed the appropriation cap?

If YES, the amount:

	Yes	No
1. Was an appropriation cap index rate ordinance adopted last year?	X	
If YES: % that was used	3.50%	
2. Amount of appropriation cap bank available going into this year	\$11840	
3. Is the Application Year budget at (appropriation) cap?		X
If NO, amount of remaining balance	\$0	
4. Does the Application Year anticipate the use of a waiver to exceed the appropriation cap?	X	
If YES, the amount:	\$1,342,870.44	

C. List the five largest item appropriation increases.

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Group Health Insurance	\$2,001,460.43	\$3,120,000.00	\$1,118,539.57
Reserve for Uncollected Taxes	\$2,157,582.82	\$2,827,775.79	\$670,162.97
Aid to Ambulance Companies	94,712.00	\$353,932.68	\$259,220.68
Payment of Revaluation Note	.00	\$84,000.00	\$84,000.00
Housing Regulation Salary & Wages	\$145,746.00	\$201,228.00	\$55,482.00

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: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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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	*	*	*	*	*
Second year	*	*	*	*	*
Third year	*	*	*	*	*

* Significant Reduction in Aid cannot be realized until the Tax Base is increased through Development/Redevelopment, sale of City owned property and continuing to increase the Tax Collection Percentage Rate.

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 the system being used.	X	
6. Does the municipality operate a public assistance program?		X
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?	Y	
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 Benefits	SHBP		
	X		

C. 1. Salary and employee contract information

When more than one bargaining unit for each category, use the average.

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	2025	N/A	Blue col 2025 C.Guard 2025	2025
Average total cost percentage increase	3%	N/A%	3.25 2.50 %	3.25%
Last contract settlement date	2026	0	2024 2025	
Contract expiration date	2028	0	2027 2029	

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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2. Explain, if any, actions that have been taken/are under consideration for the Application Year.

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)				
Governing Body/Monitor Decision				
Wage Freezes (describe below)				
Governing Body/Monitor Decision				
Layoffs (describe below)				
Governing Body/Monitor Decision				

D. Tax Enforcement Practices

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by December 31, if included in the 2026 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: 10 Active List of In Rem	11/16/2025	
3. On what dates were tax delinquency notices sent out in 2025? Date: 2/12, 4/8, 8/13, 11/11	12/4/25	
4. Date of last tax sale? Date:	6/30/25	

E. Specialized Service Delivery

If the answer to either question is "Yes," provide (as an appendix) a cost justification for 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:

2024	\$461,684.13	2025	\$656,051.67	Anticipated Application Year:	\$400,000.00
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2. List the instruments in which idle funds are invested:

New Jersey Cash Management Plan	

3. What was the average return on investments during 2025?

4.67%

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

Bowman and Company

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

2004

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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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
Blue Collar Workers Association	2027	
Police Officers Association	2028	
Crossing Guard	2029	

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	2025 PILOT Billing	2025 Assessed Value	2025 Taxes If Billed in Full at 2024 Total Tax Rate	Term of Tax Abatement
Harvest Point	Affordable Housing	\$394,788.00	11,050,000	\$908,531.00	30
Salem Senior Village	Affordable Housing	\$18,000.00	6,077,500	\$499,692.05	30
Carpenter Street Phase 1	Affordable Housing	\$48,240.73	1,878,100	\$154,471.38	30
Carpenter Street Phase 2	Affordable Housing	\$30,464.39	1,485,100	\$122,104.92	30

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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B. List actions that limited or reduced Other Expense costs.

For example, 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
Electricity and Natural Gas			Solor Panels on Municipal Building. Working on the process to receive credits from the Solor Panels.

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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C. Evaluate existing local revenues as to whether 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 are provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the subsidy amount?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate the subsidy.
Recreation Programs				
Sewer Fees	X	Sold 6/25/24		
Water Fees	X	Sold 6/25/24		
Swimming Pool				
Uniform Construction Code	X	State Providing Services.		
Uniform Fire Code	X	State Providing Services.		
Land Use Fees				
Parking Fees	X	Utilizing Park Mobile to collect parking fees.		
Beach Fees				
Insert other local fees below:				
Land Use Escrow Fees for In-House Staff				
Land Use Escrow Fees for Independent Contractors				

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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X. Service Delivery

List all services the municipality contracts to another organization, i.e., shared services with another government agency, including formal and informal shared services, memberships in cooperative purchasing programs, and private (commercial) or non-profit organizations.

Type of Service	Name of Contracted Entity	Estimated Amount of Contract	Estimated Savings	Year Last Negotiated (as applicable)
Dispatching Services	Salem County		\$160,000.00	2023
Financial Administration (Treasury) CMFO	Borough of Penns Grove	\$67,500.00	\$58,000.00	11/21/2024
Uniform Construction Code	State of New Jersey	.00	\$20,000.00	N/A
Board of Health	Salem County	.00	\$15,000.00	

Application Year: CY2026 / FY2027	Municipality: City of Salem	County: Salem
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XI. Impact of Limited or No Aid Award

Describe (in detail) the impact of not being granted aid for the current fiscal year. Essential service 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 ones the municipality will make without a grant of aid.**

Rank Order	Department/ Division	# Of Layoffs	Effective Date	2024 Full-Time Staffing	2025 Full-Time Staffing	\$ Amount to be Saved
1	Police Department, the number of cuts will depend on the Aid Award and if the cuts will affect the Health and Welfare of the Community.					
2	General Government, even though currently staffing is at manageable levels, Governing Body would have to determine if cuts are feasible and what effect it would have on Municipal Services					

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

Rank Order	Service	Cost Savings	Impact on Services
1	Police Services		Depending on the Aid Award, numerous layoffs would have a disastrous effect on Police Services, Public Safety and the Health and Welfare of the Community.
2	General Government		Cuts for the Cities General Government Employees will vastly affect the services provided to the community.

Application Year: CY2026 / FY2027	Municipality:	County:
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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 MOU 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 DLGS to assign management, financial, and operational specialists to assess your municipal operations.		
2. Implement actions directed by the Director to address the findings of DLGS staff.		
3. Enter into a new MOU and comply with all its provisions without exception.		

XIII. Certification of Past Compliance for Municipalities Currently Operating Under a TA MOU

The undersigned certifies that the municipality is in substantial compliance with the conditions and requirements of the 2025 MOU and is operating in good faith to correct those areas of noncompliance that have been identified.

Mayor:

Jody Velaz

Date:

3/26/26

Chief Financial Officer:

[Signature]

Date:

3/16/26

Chief Administrative Officer:

[Signature]

Date:

3/16/26

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 listed the names of all current civil service employees in NJ "CAMPS."

Human Resources or Personnel Director:

[Signature]

Date:

3/16/26

Chief Administrative Officer:

[Signature]

Date:

3/16/26

Application Year: CY2026 / FY2027	Municipality:	County:
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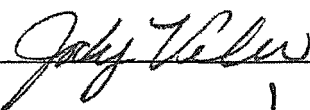
XV. Public Employment Relations Commission (PERC) Certification

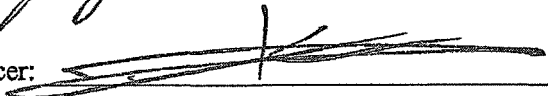
The undersigned certifies that copies of all active collective negotiations' agreements and the cost-out of each have been delivered to PERC. Support documentation regarding the method of cost out must also be provided.

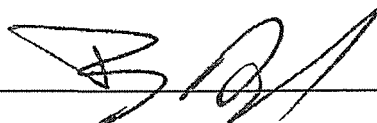
Chief Administrative Officer:  Date: 3-16-26

XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned acknowledges that 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: 3/16/26

Chief Financial Officer:  Date: 3/16/26

Chief Administrative Officer:  Date: 3/16/26