

**Transitional Aid Application for Application Years CY 2010/SFY 2011**  
**Division of Local Government Services**  
**Department of Community Affairs**

**General Instructions:** This application must be submitted in its entirety by July 16 (for CY 2010) and September 30 (for SFY 2011) for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice **2010-14** when preparing this application for specific instructions and definitions.

<b>Name of Municipality:</b>		City of Paterson		<b>County:</b>	Passaic
<b>Contact Person:</b>		Russell R. Forenza		<b>Title:</b>	Budget Officer
<b>Phone:</b>	973-321-1370	<b>Fax:</b>	973-321-1372	<b>E-mail:</b>	rforenza@patersonnj.gov
<b>Population:</b>	149,222				

**I. Aid History**

List amount of Discretionary Aid (Extraordinary, Special Municipal, or Capital Cities) received for the last three years, if any:

Prior Year	Previous Year	Previous less one year
\$ 27,000,000	\$ 27,000,000	\$ 30,000,000

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>\$70,240,477</b>
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*An aid request does not constitute guarantee of receipt of any funds.*

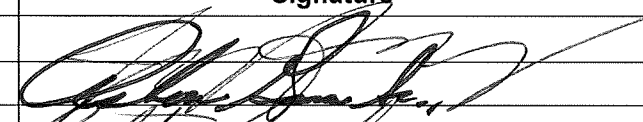


**III. Submission Requirements**

Without exception, 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
Prior Year Annual Financial Statement	August 9, 2010
Previous Year Annual Audit	March 2010
Previous Year Audit Corrective Action Plan	July 1, 2010
Application Year Introduced Budget	September 27, 2010
Budget documentation submitted to governing body	September 16, 2010

**IV. Application Certification**

The undersigned herewith certify that they have reviewed this application and, to the best of their ability, find its contents to be true and that it accurately portrays the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer		9/30/2010
Governing Body Presiding Officer		9/30/2010
Chief Financial Officer		9/30/2010

**V-A. Explanation of Need for Transitional Aid**

Explain the circumstances that require the need for Transitional Aid in narrative form. Include factors that result in a constrained ability to raise sufficient revenues to meet budgetary requirements, and if such revenues were raised, how it would substantially jeopardize the fiscal integrity of the municipality. (See item B-5 in Local Finance Notice 2010-14 for details)

The City of Paterson has grappled with an unwavering structural deficit within its annual budget for many years. With an edict to maintain property tax stabilization based upon an insecure foundation of declining revenue streams and a shift in the allocation of tax rolls from commercial and industrial to residential, the City has struggled to do so with reliance upon non-recurring revenue opportunities and/or cost reductions. Adding to this burden are the variety of labor contracts which have been permitted for decades to layer unreasonable expectations and serious costs constraints on the City’s budget process of trying to do “more with less”.

When the City completes its annual process of balancing the revenues and expenditures, it comes up short. The City’s reliance upon state aid remains a serious form of “life support”. With it, the typical tax bill has increased an average of \$463 each year, for the last five years. Without the aid, the typical tax bill would have increased an average of \$1,491 each year.

The City’s objective of fiscal recovery can only be met if and when the two sides of the budget process are more in alignment with each other. That is, the revenue side is comprised of predominantly fixed items (amounts which are measurable and cannot be changed without statutory or external approvals), while the appropriation side is comprised of mostly static and variable items (amounts that are measurable and largely increasing, and cannot be changed without statutory or external approvals).

The gap between these two sides of the City’s fiscal year 2011 budget, at introduction and approval on September 27, 2010, amounts to \$70,240,477.52, after taking into consideration the amount needed to be raised in the tax levy in order for TA. Our request under consideration with the filing of this Transitional Aid Application begins here. Many of our strategies to cut out additional items of cost will be realized and/or implemented prior to the adoption of the fiscal year 2011 budget. To wit:

- Involuntary 10 Day Furlough (non-uniformed personnel) ... \$1,200,000
- Reduction of Overtime in DPW Department ..... \$ 300,000
- Reduction of Overtime in Police Department ..... \$ 650,000
- S&W Reductions via attrition ..... \$ 150,000
- S&W Reductions via unfilled vacancies ..... \$ 275,000

In addition to the cost reductions under implementation, the City is furthering activities to capture any additional revenue enhancements, such as an entire city-wide fee restructuring. There are approximately 55 different fees under the revision process, and will be effective by January 1, 2011. Based upon our best predictions, we may expect to realize an additional overall revenue increase of approximately \$600,000 during the fiscal year. Depending upon the date of the City’s fiscal year 2011 budget adoption, we may be able to revise the anticipated revenues.

The prevailing regional and local economic conditions continue to have a downturn impact on the collection of local revenues, like the municipal court fines. In response to these shortfalls, the City is considering utilization of recent legislation allowing Courts to contract with a collection agency to liquidate the court receivables.

In 2007, the City certified property values based upon its revaluation completed in the prior year. The revaluation had the effect of shifting some of the property tax burden from industrial and commercial taxpayers to the residential taxpayer. Since that time, many residential property owners filed tax appeals of their assessments. The year to date statistics reveal that more than 4,132 appeals were filed in 2009 and 2010, with approximately 2,170 appeals awarded at a cost to the City of more than \$3 million cumulatively. In addition, during the same period the City refunded more than \$3.6 million in State of New Jersey Tax Court appeals. In addition, as of September 2010 the City has 2,203 cases pending at the New Jersey Tax Court with a potential exposure in excess of \$10 million in refunds.

There are 23,560 taxable parcels in the City. The City has 1,806 tax exempt properties consisting of: 146 public schools, 13 other schools, 470 public properties, 617 charitable, 2 cemeteries, and 558 miscellaneous.

Given the state of the economy, both regionally and locally, the City expects that these trends will continue to erode the property tax base well into the foreseeable future. As such, the City's Administration is undertaking another property revaluation. The Passaic County Board of Taxation has approved the City's schedule for this task and it is anticipated that the revised assessments will be certified for the January 2013 tax assessments.

Our demographical statistics show that the City falls into a below-average socioeconomic profile. The City's unemployment rate (as of August 2010) is 16.3% while the State's rate is 9.4% and the U.S. average is 9.6%. The 2008 median household income for the City is \$34,556, compared to a U.S. median of \$52,175 (34% less than the U.S. median).

The City is experiencing an increase in crime statistics which impact upon its residents. The current Urban Crime Report has shown a 9% rise in total violent crimes and an 18% rise in total property crimes from calendar year 2009 to calendar year 2010. The City has taken significant steps to reduce costs and streamline departmental expenditures. However, the proposed budget is necessary to combat crime and preserve the safety of its residents, in order that the quality of life conditions is not negatively impacted. In addition, the City is restrained in implementing any modifications to the table of organization/structure of the police department and fire department due to federal grants. These grants in particular are referred to as the SAFER Grant and the COPS Grant which have set levels of uniformed staffing.

In the statistical data contained below (see *Chart II*), the categorical trends present the ways in which the City has maintained its reliance upon its annual allotment of state aids and a series of "one shot" revenue sources.

The major shift occurred between fiscal years 2005 and 2006. In fiscal year 2005, the City anticipated \$13.7 million from various property sales, utilized another \$5.7 million in surplus, and provided for increases to salaries by approximately \$8.6 million. The net effect of these few "one shots" of \$28 million resulted in the City's receipt of \$30.8 million of f/k/a 'Special Municipal Aid.'

In fiscal year 2007, the City received \$8 million less in SMA, causing a spike in the local tax levy of 8%. Through fiscal year 2010, the amount of SMA hovered at \$27 million, and in fiscal year 2010, once again, there was a spike in the tax levy of 10% mainly due to the reinstatement of the full pension billing. In the last five years, the City has experienced an increase of 28% in the municipal levy, or an average of 6% per annum. On average, the typical residential tax bill has increased approximately \$463 annually. (see *Chart I*).

The most recent results of operations for fiscal year 2010 resulted in a \$5.3 million deficit and a \$1.6 million health insurance emergency appropriation. This coupled with the City's inability to replenish \$6.5 million in surplus along with another \$6.2 million in onetime revenues used to support the fiscal year 2010 budget put an additional strain on the fiscal year 2011 budget. An outline of variances between fiscal year 2011 and fiscal year 2010 is attached. (see *Chart IV*).

The City is cognizant of the constraints imposed by the state of the economy of the State of New Jersey on the fiscal year 2011 budget process, and continues the implementation of processes designed to provide for significant cost savings, beginning with this budget year that will have a continued and further impact on subsequent budget years. We will address the specifics in V-C.

**City of Paterson  
5 Year Trend Analysis  
AVERAGE TAX BILL  
Chart I**

<i>Summary of Current Tax Levy Since 2005</i>	2010	2009	2008	2007	2006	2005
Municipal Budget Tax Levy	\$ 104,116,122	\$ 94,299,479	\$ 90,672,575	\$ 87,185,168	\$ 80,763,839	\$ 77,806,204
(+/-) % in Total Current Tax Levy from Prior Year	10.41%	4.00%	4.00%	7.95%	3.80%	

<i>Tax Collection Rate</i>	98.35%	98.35%	98.25%	98.50%	98.50%	96.25%
<i>Average Home Value</i>	\$ 350,000	\$ 354,000	\$ 360,000	\$ 20,000	\$ 20,000	\$ 20,000
<i>Average Tax Bill</i>	\$ 7,146.63	\$ 6,935.60	\$ 6,519.96	\$ 5,532.34	\$ 5,036.06	\$ 4,833.54
<i>Increase/(Decrease) from Prior Year</i>	\$ 211.03	\$ 415.64	\$ 987.62	\$ 496.28	\$ 202.52	
<i>% of Increase/(Decrease) from Prior Year</i>	3.04%	6.37%	17.85%	9.85%	4.19%	
<i>5 Year Average Tax Bill Increase</i>	<u>\$ 462.62</u>					

Note: Certified property revaluation effective FY2008.

<i>Factoring Impact on Average Tax Bill Without SMA</i>						
Special Municipal Aid	\$ 27,000,000	\$ 27,000,000	\$ 30,000,000	\$ 22,800,000	\$ 30,800,000	
<i>Annual Impact on the Average Tax Bill from SMA</i>	\$ 1,015.00	\$ 1,026.60	\$ 1,158.40	\$ 868.80	\$ 1,072.00	
<i>Average Tax Bill WITHOUT SMA (estimated)</i>	\$ 8,161.63	\$ 7,962.20	\$ 7,678.36	\$ 6,401.14	\$ 6,108.06	\$ 4,833.54
<i>5 Year Average Tax Bill Increase Without SMA</i>	<u>\$ 1,490.78</u>					

\* In 2007 the 1<sup>st</sup> property assessment revaluation took place after 35 years.

**City of Paterson  
5 Year Trend Analysis  
Chart II**

	2010	2009	2008	2007	2006	2005
<b>Summary of State Aid Since 2005</b>						
CMPTRA	\$ 28,455,898	\$ 31,020,837	\$ 32,836,141	\$ 33,174,434	\$ 33,439,300	\$ 33,638,341
Special Municipal Aid	\$ 27,000,000	\$ 27,000,000	\$ 30,000,000	\$ 22,800,000	\$ 30,800,000	
Energy Receipts Tax	\$ 9,838,378	\$ 7,273,439	\$ 6,226,426	\$ 5,888,133	\$ 5,623,267	\$ 5,424,316
Supplemental ERT	\$ 262,651	\$ 262,651	\$ 262,651	\$ 262,651	\$ 262,651	\$ 262,561
Municipal Property Tax Assistance	\$ -	\$ -	\$ 789,440	\$ -	\$ -	\$ -
Legislative Initiative Muni Block Grant	\$ -	\$ -	\$ 616,491	\$ 616,491	\$ 616,491	\$ 616,491
Addtl State School Bldg Aid	\$ -	\$ -	\$ -	\$ -	\$ 644,910	\$ 618,900
Bldg Aid Allowance for Schools	\$ 127,269	\$ 461,419	\$ 720,133	\$ 973,909	\$ 866,802	\$ 1,052,059
Homeland Security	\$ -	\$ -	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
State Aid on Hand	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 3,300,000
Other State Aids	\$ 10,330	\$ 11,200	\$ 329	\$ 329	\$ 329	\$ 329
<b>Total State Aid</b>	<b>\$ 65,694,526</b>	<b>\$ 66,029,546</b>	<b>\$ 71,591,611</b>	<b>\$ 63,855,947</b>	<b>\$ 73,893,750</b>	<b>\$ 45,052,997</b>
(+/-) % in Total State Aid from Prior Year	<u>-1%</u>	<u>-8%</u>	<u>12%</u>	<u>-14%</u>	<u>64%</u>	

	2010	2009	2008	2007	2006	2005
<b>Summary of Surplus Since 2005</b>						
Surplus Anticipated	\$ 6,498,366	\$ 5,498,365	\$ 4,306,559	\$ 2,768,000	\$ -	\$ 5,765,232
(+/-) % in Surplus from Prior Year	<u>18%</u>	<u>28%</u>	<u>56%</u>	<u>100%</u>	<u>-100%</u>	

	2010	2009	2008	2007	2006	2005
<b>Summary of Current Tax Levy Since 2005</b>						
Current Taxes	\$ 104,116,122	\$ 94,299,479	\$ 90,672,575	\$ 87,185,168	\$ 80,763,839	\$ 77,806,204
(+/-) % in Total Current Tax Levy from Prior Year	<u>10.41%</u>	<u>4.00%</u>	<u>4.00%</u>	<u>7.95%</u>	<u>3.80%</u>	

	2010	2009	2008	2007	2006	2005
<b>Summary of Delinquent Taxes Since 2005</b>						
Delinquent Taxes	\$ 475,000	\$ 475,000	\$ 606,000	\$ 606,000	\$ 842,060	\$ 500,000
(+/-) % in Delinquent Taxes from Prior Year	<u>0%</u>	<u>-22%</u>	<u>0%</u>	<u>-28%</u>	<u>68%</u>	

	2010	2009	2008	2007	2006	2005
<b>Summary of Sewer Charges Since 2005</b>						
Current Sewer	\$ 6,898,400	\$ 7,032,000	\$ 7,200,000	\$ 5,214,500	\$ 5,338,900	\$ 5,418,000
Delinquent Sewer	\$ 350,000	\$ 316,000	\$ 180,000	\$ 42,400	\$ 131,000	\$ 150,000
<b>Total Sewer Charges</b>	<b>\$ 7,248,400</b>	<b>\$ 7,348,000</b>	<b>\$ 7,380,000</b>	<b>\$ 5,256,900</b>	<b>\$ 5,469,900</b>	<b>\$ 5,568,000</b>
(+/-) % in Sewer Charges from Prior Year	<u>-1%</u>	<u>0%</u>	<u>40%</u>	<u>-4%</u>	<u>-2%</u>	

	2010	2009	2008	2007	2006	2005
<b>Summary of Public/Private Revenues Since 2005</b>						
Public/Private Revenues	\$ 15,882,813	\$ 12,641,906	\$ 17,072,559	\$ 6,050,365	\$ 13,402,957	\$ 11,317,256
(+/-) % in Public/Private Revenues from Prior Year	Not presented as grant funds fluctuate based upon date of acceptance/adoption.					

	2010	2009	2008	2007	2006	2005
<b>Summary of Miscellaneous Revenues Since 2005</b>						
Other Miscellaneous Sources	\$ 25,192,082	\$ 21,812,581	\$ 22,617,366	\$ 28,955,214	\$ 18,440,239	\$ 28,578,648
(+/-) % in Miscellaneous Revenues from Prior Year	<u>15%</u>	<u>-4%</u>	<u>-22%</u>	<u>57%</u>	<u>-35%</u>	

	2010	2009	2008	2007	2006	2005
<b>TOTAL GENERAL REVENUES</b>						
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 226,107,309</b>	<b>\$ 208,104,877</b>	<b>\$ 214,246,670</b>	<b>\$ 194,677,694</b>	<b>\$ 192,812,746</b>	<b>\$ 174,588,337</b>
(+/-) % in Total General Revenues from Prior Year	<u>8.17%</u>	<u>-2.87%</u>	<u>10.05%</u>	<u>0.97%</u>	<u>10.44%</u>	

<b>City of Paterson</b> <b>5 Year Trend Analysis</b> <b>Chart III</b>
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<i>COMPOSITION OF REVENUES AS A PERCENTAGE TO TOTAL GENERAL REVENUES</i>						
	2010	2009	2008	2007	2006	2005
Total General Revenues	\$ 225,107,309	\$ 208,104,877	\$ 214,246,670	\$ 194,677,594	\$ 192,812,745	\$ 174,588,337
Total Current Taxes	46%	45%	42%	45%	42%	45%
Total State Aid Revenues	29%	32%	33%	33%	38%	26%
Total Surplus Revenues	3%	3%	2%	1%	0%	3%
Total Miscellaneous Revenues	11%	10%	11%	15%	10%	16%
Total Sewer Charges	3%	4%	3%	3%	3%	3%
Total Public/Private Revenues	7%	6%	8%	3%	7%	6%
	100%	100%	100%	100%	100%	100%

<b>City of Paterson</b> <b>FY2011 vs FY2010 Variances</b> <b>Chart IV</b>
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Special Municipal Aid	(27,000,000)	Police Salaries	8,806,095
Budget Surplus	(6,498,366)	Health Insurance	3,600,310
CMPTR Aid	(5,571,476)	PFRS/PERS	3,660,387
Sale of City Owned Property	(5,281,257)	Fire Salaries	3,521,180
Municipal Court Receipts	(558,600)	Police & Fire Other Expense	900,000
Misc. Other Revenues Net	(657,899)	Municipal Debt Service	2,970,585
Add. Receipts Delinquent Taxes	4,431,151	Public Works	1,123,362
		Prior Year Deficit	5,336,278
		Insurance Emergency Appropriation	1,600,000
		State Tax Refunds	559,350
		Judgements	480,000
		Miscellaneous Salary & OE Net	1,979,448
		Reserve for Uncollected Taxes	1,317,035
<b>Net Change in Revenues</b>	<b>(41,136,447)</b>	<b>Net Changes in Appropriations</b>	<b>35,854,030</b>
		Total change in amount to be raised by taxes	76,990,477
		Required tax levy adjustment as per TA application	6,750,000
		Request of Transitional Aid	70,240,477

**NOT APPLICABLE**

**V-B Alternate Eligibility Calculation**

Complete this section only if Discretionary aid **was not** received in the prior year. If the requirements of this section are met, this application must also reflect that the criteria in Section B, items 2-7 of Local Finance Notice 2010-14 are met.

**Part 1** calculates loss of equalized value. If there is a loss of *2% of equalized value*, the eligibility criteria is met and the rest of the form does not have to be completed.

If 2% the criteria is **not** met, continue with Part 2 to identify individual revenue losses (exclusive of State CMPTRA/ETR formula aid reductions) or specific, extraordinary appropriation increases (pursuant to Local Finance Notice 2010-14, Item B-8).

<b>Part 1 – Eligibility of Value Loss</b>	<b>Current Year County Equalization Table County Apportionment</b>	<b>Prior Year Director’s Table Equalized Value</b>	<b>Decrease</b>
	(a)	(b)	(c)
<b>Equalized Value Reduction</b>	N/A	N/A	N/A
<b>Percent of loss from prior year (c) divided by (b) as percent:</b>			
<b>If this exceeds 2%, stop and proceed to the next page.</b>			

**Part 2 – Demonstration of Revenue Loss/Substantial Cost Increase**

Complete Part 2 if eligibility was not met in Part 1. Show extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions), but not as the aggregate of many revenue line items; or specific, extraordinary appropriations. Describe the item on the cell below each entry.

<b>Revenue or Appropriation</b>	<b>Prior Year Value</b>	<b>Current Year Value</b>	<b>Amount of Loss/Increase</b>
<b>Description:</b>	NOT APPLICABLE		
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			

**V-C Actions to reduce future need for aid**

Detail the steps the municipality is taking to reduce the need for aid in the future. Include details about long-term cost cutting and enhanced revenue plans, impact of new development, potential for grants to offset costs, and estimated short and long-term annual savings. Use additional pages if necessary.

The City of Paterson has taken the steps listed below to reduce its need for aid, moving forward.

1. The City issued 'Executive Order No. 4-2010', suspending the authorization of overtime work or overtime pay without the express approval of the Mayor or his designee.
2. The City issued 'Executive Order No. 5-2010', restricting and/or prohibiting any non-essential spending without the express approval of the Mayor or his designee.
3. Increased municipal court sessions to adjudicate the outstanding case load, and added another judge to adjudicate additional cases in order to increase and/or maximize court fines and costs.
4. Awarded contract under a federal grant to conduct an energy audit of five (5) city-owned buildings to recommend and incorporate energy cost savings measures.
5. Elimination of EMT positions through attrition, replacing with on-duty firefighters performing both functions.
6. Reviewed all fee ordinances and preparing revisions, where applicable (see Item IX-C).
7. Awarded contract with a third party billing entity to handle the billing/collection processes of ambulance billing, resulting in increased collections.
8. As labor contracts continue to expire, the City will commence negotiations with a freeze on any salary increases for the next three fiscal years.
9. The City will commence a property revaluation upon the certification of the City's tax maps by the State of NJ Division of Tax. It expects that the long-term benefits include a reduction to the tax appeal and refund processes.
10. The City is seeking relief from certain restrictive covenants in the federal COPS grant in order to reduce costs.
11. The City will continue to implement the health benefits reimbursements from employees covered under collective bargaining agreements upon expiration of same.
12. The City will examine all of the special events (parades, festivals, fireworks, etc.) in an effort to contain costs borne by the City and will have applicants pay their fair share of the costs.
13. The Municipal Court will solicit the services of a collection agency/consultant for collecting outstanding fines.
14. The City will conduct a review of the professional liability and workers compensation liability claims and attorney fees in an attempt to contain or reduce the costs of same.
15. Review all of its outstanding bonding and ascertain the availability of refunding for interest cost reduction.
16. The City became a member of 'Sustainable New Jersey' to review and incorporate energy efficiencies.
17. The City's solid waste contracts expire in June 2011. The City will prepare a cost/benefit comparison of privatizing versus city-operated waste collections, which includes soliciting new bids.
18. The City will revisit an increase to the sewer fees in fiscal year 2012, of 10% annually.
19. The City will solicit bids for the provision of electricity and natural gas as a cost savings measure.



20. The City is renegotiating interlocal agreements with surrounding user municipalities of the City's sewer system.

The Business Administrator conducted meetings with each of the collective bargaining units in contract with the City of Paterson. The meetings were conducted on the dates and within the defined groups: September 14, 2010 ( Superior Officers Association/Police Benevolent Association); September 15, 2010 (White Collar Supervisors/ White Collar Employees/United Public Service Employees Union/Library Local 2903/DPW Blue Local 2272/EMS Local/Health Local/United Professional Service Employment Union; September 17, 2010 (Police Motor Pool/Telecommunications Operator-UPSEU/Fire Battalion Chiefs/Fire Captains/Firefighters/Teamsters Local 97/EMS). The meeting commenced with a presentation by the Business Administrator on the current status of the budget. All representatives were informed that the meeting constituted the opportunity to discuss voluntary alternatives to assist the City in reducing the projected budget deficit.

The discussion entailed a full discourse of alternatives to layoffs including the following options: 1. Voluntary furloughs; 2. Reduction in work hours 3. Two-week payroll hold back plan 3. Change in work shifts 4. Salary deferments and demotions. The representatives indicated they will inform their membership of the meeting results and return to the administration with a response to the available options. One collective bargaining unit has expressed a willingness to volunteer (5) furlough days this fiscal year and (5) furlough days next fiscal year. Another Collective Bargaining Unit would consider a 10 day deferment in salary with disbursement payable upon separation. There are sixteen (16) collective bargaining units. Accordingly, the majority of collective bargaining units have not responded with concessions towards reducing the projected budget deficit. The Administration will proceed through the ordinary course in preparing a reduction in force plan. The Collective Bargaining Unit meetings have concluded. The City has prepared a mandatory furlough plan which encompasses ten (10) furlough days during FY 2011 and twelve (12) furlough days during FY 2012 for a total of 22 furlough days for a two year period. The associated cost savings would equate to \$1.2 million dollars for FY 2010 and \$1.44 million for FY 2012.

Thereafter, a further assessment will determine the appropriate action for workforce reduction or modifications during FY 2013 and 2014

## VI. Historical Fiscal Statistics

Item	Actual Previous Year 2009	Actual Prior Year 2010	Introduced Application Year 2011
1. Property Tax/Budget Information			
Municipal tax rate	\$1.037	\$1.190	\$1.948
Municipal Purposes tax levy	\$94,299,479	\$104,116,122	\$181,106,599.52
Municipal Open Space tax levy	\$0	\$0	\$0
Total general appropriations	\$208,104,877	\$225,107,309	\$251,534,929.65

3. Cash Status Information			
% Of current taxes collected	98.81%	* 96.24%	%
% Used in computation of reserve	98.35%	98.35%	98.35%
Reserve for uncollected taxes	\$2,938,778	\$3,127,541	\$4,444,576.37
Total year end cash surplus	\$2,114,134	\$0	
Total non-cash surplus	\$4,611,433	\$227,201	
Year end deferred charges	\$0	\$6,936,278	

4. Assessment Data			
Assessed value (as of 7/1)	\$9,331,884,808	\$9,352,698,819	\$9,295,023,415
Average Residential Assessment	\$362,000	\$354,000	\$350,000
Number of tax appeals granted	930	2,145	
Amount budgeted for tax appeals	\$575,000	\$240,646 **	\$800,000
Refunding bonds for tax appeals	\$0	\$0	\$0

5. Full time Staffing Levels			
Uniformed Police - Staff Number	500	500	544
Total S&W Expenditures	\$39,601,285	\$41,153,318	\$48,512,421
Uniformed Fire - Staff Number	327	330	330
Total S&W Expenditures	\$28,042,949	\$34,369,218	\$32,848,895
All Other Employees - Staff Number	958	987	1,157
Total S&W Expenditures	\$28,782,519	\$29,201,698	\$35,876,666

### 6. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			9,295,023,415
Introduced Tax Levy			181,106,599.52
Proposed Municipal Tax Rate	1.948	Average Res. Value ( #4 above)	350,000
Current Year Taxes on Average Residential Value (#4 above)			6,819.49
Prior Year Taxes on Average Residential Value			3,896.27
Proposed Increase in average residential taxes			2,923.22

\* 2<sup>nd</sup> Qtr. taxes not included in accelerated tax sale due to late adoption of the FY2010 budget affecting final collection rate.

\*\* Amount budgeted for State tax court appeals to supplement reserve account for appeals.

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment 2007

B. Proposed Budget – Appropriation and Levy 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		
\$11,196,800.5		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance	X	
\$0		
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:	X	
\$2,757,743.36		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police Salaries	41,153,318	48,512,421	7,359,103
PFRS/PERS	16,613,075	20,273,462	3,660,387
Municipal Debt Service	7,465,079	10,435,664	2,970,585
Insurance	29,006,715	31,748,047	2,741,332
Public Works Salaries	9,930,150	11,742,153	1,812,003

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

Department/Agency	Position	Number	Dollar Amount
General Government	Chief of Staff	1	105,000

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
<b>First year</b>	<b>102,936,707</b>	<b>68,423,843</b>	<b>70,000,000</b>	<b>114,120,635</b>	<b>127,239,915</b>
<b>Second year</b>	<b>110,424,731</b>	<b>69,267,778</b>	<b>69,000,000</b>	<b>115,303,610</b>	<b>133,388,899</b>
<b>Third year</b>	<b>116,203,539</b>	<b>70,417,871</b>	<b>68,000,000</b>	<b>115,303,610</b>	<b>139,317,800</b>

**VIII. Financial Practices**

4. 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?	X	
6. Does the municipality operate the general public assistance program?		X
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?	X	
8. At any point during the year are expenditures routinely frozen?	X	
9. Has the municipality adopted a cash management plan?	X	
10. Have all negative findings in the prior year's audit report been corrected?	X	
If No, list those uncorrected as an appendix.		

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. 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	FY 2008	FY 2010	FY 2011	FY 2011
Average percentage increase	3.75%	3.75%	3.5% & 4.0%	4.0%
Last contract settlement date	7/30/03	7/09	8/08	
Contract expiration date	6/30/2008	7/31/2010	6/30/11	

Explain if any of the following actions have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)				
The City has prepared a mandatory furlough plan which encompasses ten (10) furlough days during FY 2011.				
Wage Freezes (describe below)				
The City will conduct all labor contract negotiations with a freeze on any salary components.				

Layoffs (describe below)				
The City is conducting negotiations with its bargaining units to accomplish a reduction in force which includes alternatives to layoffs i.e. – changes to table of organization, shift revisions and demotions.				

D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?	X	
2. When was the last foreclosure action taken or tax assignment sale held: <span style="float:right">Date:</span>	3/25/09 & 4/15/09	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float:right">Date:</span>	3/18,6/4,10/21,12/15	
4. Date of last tax sale: <span style="float:right">Date:</span>	6/9/10	

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:

Prior Year:	\$566,832	Last Year:	\$127,673	Anticipated Application Year:	\$127,600
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2. List the instruments in which idle funds are invested:

Money Market Accounts	
NJ Cash Management Fund	

3. What was the average return on investments during CY 2009?	1.54%
4. When was the last time fee schedules were reviewed and updated?	FY 04 & FY 08

F. 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
Superior Officers Association (SOA)	2008	Awaiting arbitrator’s decision
Police Benevolent Association (PBA)	2008	Awaiting arbitrator’s decision
Fire Chief Contract	Expired	Preliminary discussions
Fire Battalion Chiefs	2010	Preliminary discussions
Fire Captains	2010	Preliminary discussions

Deputy Fire Chiefs	2010	Preliminary discussions
Paterson Firefighters Association	2010	Preliminary discussions
White Collar Supervisors Local 3474A	2011	Current
DPW Blue Supervisors Local 3474	2011	Current
DPW Blue Local 2272	2011	Current
Free Public Library Local 3474B	2011	Current
Free Public Library Local 2903	2011	Current
White Collar Police Civilians, Municipal Court Employees Local 3724	2011	Current
Division of Health Employees' Assoc. 430	2011	Current
Police Motor Pool Local 76B	2011	Current
Crossing Guards Local 74 (SEIU)	2011	Current
EMT Supervisors (Teamsters Local 97)	2007	Pending Negotiations
Police Chief Contract	2003	Pending Negotiations







**IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased, and if so, how changes will be implemented. (See B-7 in Local Finance Notice 2010-14 for details)**

Local Revenues	Prior Year Realized	Application Year Anticipated *	Evaluation, Recommendation and Implementation Plan
Amusements/Amusement			
Devices-Coin Oper.	13,600	14,280	* The administration recommends the fee increases associated with these local revenues to become effective January 1, 2011. Upon adoption of the ordinances by the governing body, the City's budget can be amended to anticipate this increased revenue stream.
For first 25 machines	5,000	5,250	
Bazaars/Carnival/Festival per day	1,950	2,048	
Billiard Parlor	200	210	
Motor Vehicle Junk Yard	8,000	8,400	
Junk Yard	13,000	13,650	The purpose of the fee increase is to generate new revenue to offset cost of operations.
Launderettes, Per Machine	47,540	53,483	
Amusement Park	500	525	
Circus	300	315	The administration is exploring and evaluating the increase of additional revenue item such as community improvement fees, police off duty administration fees, sewer user fees and dept. of public work fees.
Amusement Parlors	350	368	
Auctioneer	400	420	
Parking Lots Open Air	776	1,680	
Ice Cream Peddler	3,125	3,313	
Peddlers/Hawkers	5,250	5,513	
Vehicle Peddler	1,350	1,418	
Auction Sale	400	420	
Gold Dealer and Secondhand Dealers	800	840	
Dance Hall	1,000	1,050	
Entertainment/Show	4,200	4,410	
Florist	700	735	
Animals: Dogs-Regular	9,565	11,273	
Dogs-Spayed	8,225	9,729	

ABC Licenses:			
Plenary Retail Consumption	133,006	146,292	
Plenary Retail Distribution	41,724	45,885	
Plenary Retail Consumption Transfer	1,001	1,051	
Plenary Retail Distribution Transfer	511	536	
Multiple Family Registration:			
Base Fee	0	240,000	
New Vital Statistics Mail Order	0	1,600	
Food Handlers	7,160	8,950	
Stores (5,000 + sq. ft.)	6,800	7,650	
Stores (less than 5,000 sq. ft.)	50,225	60,988	
Selling only prepackd foods	12,625	15,150	
Restaurants seating 1 - 49	46,800	54,600	
Restaurants seating 50 - 299	23,700	25,675	
Rest. Alteration Plan Review	1,000	3,000	
Mercantile License	20,000	22,500	
Mercantile Application	5,000	7,500	
Municipal Court			
Overtime Parking	630,000	665,000	
Meter Overtime Parking	630,000	665,000	
Truck Parking Residential	35,000	40,000	
No Stopping or Standing	25,000	35,000	
Improper Parking	150,000	210,000	
Parked Within 25' of Crosswalk	180,000	225,000	
Parked Within 50' of Stop Sign	180,000	225,000	
Public Defender Fee	45,000	67,500	
Animal Control Officer Shared Service			
Annual fee per town, 3 towns	18,000	27,000	

### 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)
Rock Salt	Passaic County	564,200	2009
Calcium Chloride	Passaic County	5,100	2009
Enhanced Library Services, Lending of Materials, Common Computerized Library Services	PALS/ PALS Plus Consortium	44,000	2009
Office Supplies, Communications Equip., Fencing and Traffic Paint	Morris County Co-op	472,250	2009
<b>Paterson is the provider of services for the following:</b>	<b>Municipalities:</b>		
Animal Control.	Haledon	6,000	2003
	North Haledon	6,000	2003
	Prospect Park	6,000	2003
<b>Paterson is the provider of services for the following:</b>	<b>Municipalities:</b>		
Public Health Administration	Hawthorne, Haledon, North Haledon, Woodland Park	43,677	2010
Health Education	Totowa & Prospect Park.	Combined	Total
Nursing Supervision			
Health Services Officer			
Flu Clinics			
Recreational Bathing Sanitary Inspector			
Campgrounds Sanitary Inspector			
Youth Camps Sanitary Inspector			

Paterson is the provider of services for the following: (continued)			
Food Surveillance Sanitary Inspector			
Occupational Health Services Inspector			
Public Health Nuisance Sanitary Inspector			
Control of Acute Communicable Disease – Public Health Nurse Provides Immunizations.			
Rabies			
Tuberculosis Control – Public Health Nurse			
Veneral Disease Control – Public Health Center			
Social Hygiene.			
Infants & Preschool Children - Public Health Nurse			
Lead Poisoning Control – Public Health Nurse			
Improved Pregnancy Outcome – Public Health Nurse			
Cancer Screening Services – Public Health Center			
Diabetes Control – Public Health Nurse			
Heart & Circulatory Disease – Public Health Nurse			
Health for Older Adults – Public Health Nurse			
Aids Prevention – Health Educator			
Doctor/Medical Service for City's STD Clinic	St. Joseph's Hospital & Medical Center	20,800	2010
Paterson provides grant administrative services for the Ryan-White Grant Program	For Bergen/ Passaic County through various non-profit agencies.	6,077,989 Total grant	2009 funding
Garbage	Paterson Housing Authority (2sites)	95,000	2008

Paterson is a provider of gasoline for:	The Paterson Parking Authority.	11,000	2009
Paterson provides fire hydrant inspections for:	Passaic Valley Water Commission.	190,000	2010
HUD Neighborhood Stabilization Program Rehabilitation, Acquisition, New Construction of Affordable Housing Units	Paterson Housing Authority	1,469,997	2010
HUD Section 8 Housing Program Rental Assistance	Paterson Housing Authority	8,000,000	2006
HUD Housing Assistance Qualification & Process	Paterson Housing Authority	100,000	2010

**Section XI – Impact of Limited or No Aid Award**

Describe in complete detail the impact if aid is not granted for the current fiscal year; **this priority setting requires that the municipality will maintain a minimum level of essential services.** List the appropriate category of impact if the aid is not received. Rank each item from both lists as to the order in which elimination will take place. If across the board cuts will be made, indicate under service. **For rank order purposes, consider the two sections as one list. The cuts outlined here are one that the municipality is committing to make if they do not receive aid.**

Rank Order	Department	# of Layoffs	Effective Date	2010 Full Time Staffing	2011 Full Time Staffing	\$ Amount to be Saved
	Statutory	234	1/21/10	233	234	1,759,825
	Community Development	45	1/21/10	45	45	712,518
	Human Services	89	1/21/10	94	89	1,415,216
	Legal	20	1/21/10	20	20	438,828
	Public Works	305	1/21/10	301	305	4,967,834
	Administration & Finance	92	1/21/10	92	92	1,771,574
	General Government	40	1/21/10	40	40	763,955
	Police & Fire	1,206	1/21/10	1,206	1,206	35,092,448
	Total			2,031	2,031	\$46,922,198

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

Rank Order	Service	Cost Savings	Impact on Services
	Statutory	398,440	Other Expense
	Community Development	80,569	Other Expense
	Human Services	399,174	Health, nursing, labs
	Legal	42,664	Legal
	Public Works	1,731,687	Parks, recreation, auto maintenance, traffic, water & sewer
	Finance & Administration	437,517	Other Expense
	General Governments	14,631,454	Health insurance, liability, worker compensation ins., elections
	Police & Fire	1,377,473	Other Expense
	Unclassified	5,998,462	Solid waste, utilities, gasoline

Total      \$25,097,440

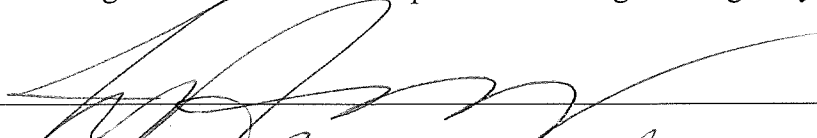
**XII. Agreement to Improve Financial Position of Municipality**


If aid is granted, are you willing to enter into a “memorandum of understanding” that will, among other restrictions and requirements:

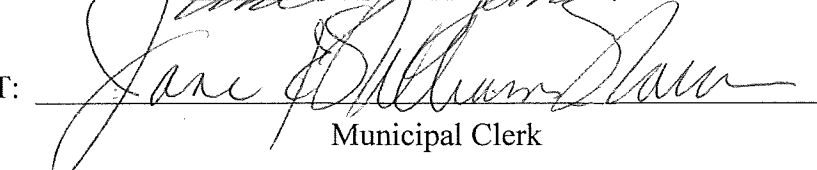
	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations	X	
2. Implement actions as recommended by the Director to address the findings of Division staff	X	
3. Enter into a Memorandum of Understanding	X	

The undersigned herewith acknowledges the foregoing requirements with which the municipality must comply in order to receive aid as outlined above.

In addition, included with this application is a copy (printed or electronic) of the budget documentation that supports the budget calculation that was provided to the governing body.

Mayor  Date 9/30/10

Chief Financial Officer  Date 9/30/10

ATTEST:  Date 9/30/10  
Municipal Clerk