

**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 Union City		<b>County:</b>	Hudson
<b>Contact Person:</b>		Douglas Gutch		<b>Title:</b>	Treasurer
<b>Phone:</b>	201-348-5723	<b>Fax:</b>	201-348-0639	<b>E-mail:</b>	<a href="mailto:dgutch@ucnj.com">dgutch@ucnj.com</a>
<b>Population:</b>	67,088				

**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
\$ 11,300,000	11,800,000	12,800,000

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>\$ 11,300,000</b>
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*An aid request does not constitute guarantee of receipt of any funds.*

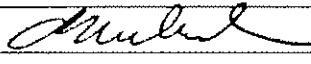
**III. Submission Requirements**

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	9/29/10
Previous Year Annual Audit	2/4/10
Previous Year Audit Corrective Action Plan	9/7/2010
Application Year Introduced Budget	9/30/10
Budget documentation submitted to governing body	9/29/10

**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		9/30/10
Governing Body Presiding Officer		
Chief Financial Officer		

**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's 2011 budget reflects the following major decreases in revenues:

State Aid \$ 2,609,641

Additional State School Aid \$ 248,235

Receipts from Delinquent Taxes \$ 2,466,495 ( accelerated tax sale was held June 11,2010)

These revenue reductions amount to \$ 5,324,371.

The City is currently reviewing its Interlocal Services Agreements with the Union City Board of Education to ensure that the Board reimburses the City for its full share of costs. Those contracts will be amended as appropriate.

The City has the highest unemployment rate in Hudson County ( 15% vs, 11.6% for Hudson County). The loss of Transitional Aid would create an unsustainable hardship on the City and its taxpayers. The extended downturn in the economy and high unemployment has affected homeowners and businesses. Homeowners face the possibility of foreclosure and businesses may face bankruptcy.

The City is a high density (the highest in the state) urban community with minimal space available for development. As a consequence the City is reliant on state aid, local taxes and other fees (fees are reviewed annually and revised as appropriate). The City struggles with an on-going structural budget deficit with no sure means of correction. The City continues its efforts to reduce expenditures.

Any further reductions will have a severe negative impact on the fiscal integrity of the City in providing public safety, health and basic municipal services.

The mayor does not have control over certain budgetary expenditures including:

Group health insurance which increased by \$ 1,777,000

Debt Service has increased by \$ 1,310,000

Pensions have increased by \$ 611,000

**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).

**NOT APPLICABLE**

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

**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>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
<b>Description:</b>			
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<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 has aggressively sought to control and reduce expenditures. The City's policy has been not to replace employees who retire, resign or are otherwise terminated, except for positions essential to conduct city business. The City has required employees to assume the responsibilities of terminated employees in order to effect staff reductions. When employees must be replaced, new hire salaries are at entry level, or substantially less than the terminated employee salary. When possible, the City uses part-time hires in order to save on benefit costs. This policy reduced payroll costs by \$2,434,000 through June, 2009. In FY 2011 the City will realize \$998,000 in savings of police officers who retired during FY 2010 (average salary \$111,000). The City replaced seven officers (salary 39,000) through grant funding and two officers charged to the city budget.**

**During July and August, 2010 nine non-uniform personnel with a combined salary of \$ 500,000 retired. Of these only two telecommunications clerks (\$ 36,000) are to be replaced, a net savings of \$ 464,000 in the FY 2011 budget.**

**The City continues to aggressively seek grant funding to effect budget cost savings. An example of this is the police grant the city obtained which over the course of three years will save \$2,209,000 in police salaries.**

**In fiscal 2010, the City awarded contracts for solid waste removal, recycling and container services. The current contract results in a \$ 1,980,000 savings over its five year life as compared to the prior contract.**

**During FY 2011 the City will enter a cooperative purchasing agreement for electricity with the County of Hudson with a projected savings of 5%.**

**The City is currently in negotiation with the Union City Employees Association. The City is seeking substantial give-backs, including the elimination of terminal leave, caps on vacation and sick time, reduction of vacation & personal days and increase in insurance co-pays, with no salary increase for 2011.**

**As a further control on expenditures, the Mayor reviews all purchase requisitions prior to processing.**

**The City will pursue a telephone audit to pursue potential savings.**

**The City is making every effort to control and reduce expenditures. Significant budget items beyond the City's control include county and regional solid waste dumping fees, group health insurance costs, pension contributions and debt service.**



**VI. Historical Fiscal Statistics**

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 3.365	\$ 3.600	\$ 4.202
Municipal Purposes tax levy	\$ 44,818,077	\$ 52,698,551	\$ 71,908,923
Municipal Open Space tax levy	\$	\$	\$
Total general appropriations	\$ 93,783,782	\$ 97,872,110	\$ 102,1065,203

3. Cash Status Information			
% Of current taxes collected	94.57%	96.68%	%
% Used in computation of reserve	%	%	%
Reserve for uncollected taxes	\$ 1,540,124	\$ 1,540,124	\$
Total year end cash surplus	\$ 0	\$ 117,000	
Total non-cash surplus	\$	\$	
Year end deferred charges	\$ 1,322,000	\$ 1,536,220	

4. Assessment Data			
Assessed value (as of 7/1)	\$ 1,458,353,486	\$ 1,477,628,249	\$ 1,477,628,249
Average Residential Assessment	\$ 120,1000	\$ 119,200	\$ 119,200
Number of tax appeals granted	209	304	
Amount budgeted for tax appeals	\$ 0	\$ 0	\$ 0
Refunding bonds for tax appeals	\$ 0	\$ 0	\$ 0

5. Full time Staffing Levels			
Uniformed Police - Staff Number	160	151	150
Total S&W Expenditures	\$ 17,067,080	\$ 17,859,346	\$ 17,512,000
Uniformed Fire - Staff Number			
Total S&W Expenditures	\$		
All Other Employees - Staff Number	245	234	218
Total S&W Expenditures	\$ 12,443,210	\$ 12,364,374	\$ 11,413,700

6. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			1,477,628,249
Introduced Tax Levy			71,908,923
Proposed Municipal Tax Rate	4.322	Average Res. Value ( #4 above)	119,200
Current Year Taxes on Average Residential Value (#4 above)			8,370.38
Prior Year Taxes on Average Residential Value			4,322.40
Proposed Increase in average residential taxes			4,047.98

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment

1991

B. Proposed Budget – Appropriation and Levy Cap Information

- Item**
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 use of a waiver to exceed the levy cap?  
If YES, amount:

	Yes	No
	X	
%		
\$		
\$		
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Deferred Charges	68,489	2,367,037	2,298,548
Group Health Insurance	13,855,000	15,162,000	1,777,000
General Debt Service	5,200,254	6,511,247	1,310,993
Consolidated Police & Fire Pension	4,271,992	4,643,501	371,509
PERS	1,333,696	1,573,260	239,564

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

Department/Agency	Position	Number	Dollar Amount
	NONE		

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	60,857,000	26,747,000	11,100,000	29,596,000	69,108,000
Second year	63,415,000	25,785,000	10,900,000	29,000,000	71,100,000
Third year	67,100,000	24,500,000	10,700,000	28,900,000	73,400,000

## 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?	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	2010		2008	2004
Average percentage increase	4%	%	4.25%	3%
Last contract settlement date	1/1/08		1/1/05	
Contract expiration date	12/31/12		12/31/08	

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)				
Wage Freezes (describe below)			YES	YES
All Wages not covered by a current contract remain at current levels				
Layoffs (describe below)				

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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>	October, 2005	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float: right;">Date:</span>	Monthly except October, February and May	
4. Date of last tax sale: <span style="float: right;">Date:</span>	6/11/2010	

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:	\$ 76,976	Last Year:	\$ 60,077	Anticipated Application Year:	\$ 60,000
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2. List the instruments in which idle funds are invested:

New Jersey Cash Management Fund	
New Jersey Asset Risk Management Fund	
Money Market	

3. What was the average return on investments during CY 2009?

1.09%
2009

4. When was the last time fee schedules were reviewed and updated?

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
Union City Employees Association	12/31/2008	In negotiations. Went to Mediation in March 2010
		PERC Fact-finding currently in progress. The City
		has not reached an agreement. The City is negotiating for give-backs, including the elimination
		of terminal leave, caps on vacation & sick time, reduction of vacation and personal days, increase in
		Group insurance co-pays, and no increase in salaries






Application Year CY 2010/SFY 2011	Municipality: City of Union City	County: Hudson
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### 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
	SEE BELOW					

If the City does not receive the funding herein applied for, municipal taxes would increase by an additional \$ 11,300,000. The SFY 2011 budget reflects a 7 % increase in municipal taxes from SFY 2010. Taxes on a house with an assessed valuation of \$ 119,200 would increase \$ 4,048 annually. Denial of the requested aid would make the tax increase 32 %. That additional 25 % increase would have to be raised in the February and May tax quarters. Such an increase would create incredible hardship on the community and its tax payers. The predictable result of such an increase would ensure that numbers of people would lose their homes. Additionally, the City would experience a severe shortfall in operating budget revenue.

Over the last several years the City has through attrition, reduced personnel costs (this year alone \$1,462,000). Budget reductions beyond those already reflected in the SFY 2011 budget would have a severe negative impact on the health, public safety and quality of life of this community and its citizens.

Rank Order	Service	Cost Savings	Impact on Services



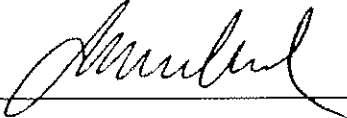
**XII. Agreement to Improve Financial Position of Municipality**

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 \_\_\_\_\_

ATTEST:  Date 9/30/10  
Municipal Clerk