

Transitional Aid Application for Calendar Year 2014
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by **March 14, 2014** for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice 2014-2 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 7.

Name of Municipality: City of Asbury Park		County: Monmouth	
Contact Person: Jack Kelly		Title: City Manager	
Phone: 732-502-5755	Fax: 732-775-1483	E-mail: jack.kelly@cityofasburypark.com	

I. Aid History

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

CY 2013	CY 2012	CY 2011
\$3,450,000	\$ 3,500,000	\$10,375,000

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

Amount of aid requested for the Application Year:	\$2,932,500
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2014-2.

III. Submission Requirements

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

Item	Date Submitted to DLGS
2013 Annual Financial Statement	2/26/14
2012 Annual Audit	6/28/13
2012 Corrective Action Plan	8/21/13
Application Year Introduced Budget	3/5/14
Budget Documentation Submitted to Governing Body	2/28/14

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 within application, the municipality acknowledges the law provides that the Director's decision regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer		3/14/14
Governing Body Presiding Officer	Town Mngtr	3-14-14
Chief Financial Officer		3/13/14

V-A. Explanation of Need for Transitional Aid

Explain in narrative form the circumstances requiring the need for Transitional Aid. 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.

The Division is well aware of the social issues that once plagued the City and has long been providing the City with financial assistance to protect the health, safety and welfare of the public as the City makes strides in combating a protracted economic decline and excessive amounts of crime. The conditions that led to the City's decline in past decades have been difficult to fully overcome. At present the City's ratable base is still insufficient to meet the demand for municipal services. Because of the City's cooperative effort with the State and the arduous groundwork already completed the City is poised for grandeur and its rebirth is imminent. Enough critical mass and infrastructure is in place that what progress had been previously spoiled by untimely downturns in the real estate market and general economy will weather any vagaries of an uncertain economic future.

Property taxation however remains an important tool in the economic revitalization process especially when certain sensitive indicators remain lagging and have the opposite effect such as:

	<u>Median Family Income</u>	<u>Unemployment</u>	<u>Crime Rate (per 1,000)</u>
	2010	2012	2011
Monmouth County	\$ 102,074	8.9 %	23.7
Asbury Park	33,140	20.5 %	95.6

Therefore it is important to consider the level of property taxation when other indices of economic revitalization are lagging. Further, the municipal portion of residential tax bills have increased a staggering 4.9% compounded annually for the last ten years compared with the CPI index which has only increased slightly more than half this amount at 2.6%.

V-B. Demonstration of Revenue Loss/Substantial Cost Increase

Show: (1) specific, extraordinary revenue losses, but not as the aggregate of many revenue line items; and (2) specific, extraordinary increases in appropriations, but not as the aggregate of many appropriation line items. Describe the item on the cell below each entry. If applicable, indicate in the description of the extraordinary increase in expenditure if the increase was the result of a policy decision made by the municipality (i.e. a back-loaded debt service schedule, deferred payment, costs associated with additional hires, etc.)

Revenue or Appropriation	2013 Value	2014 Value	Amount of Loss/Increase	% change
Rev. – UCC Fees	\$ 435,000	\$ 346,500	\$ 88,950	20.4
Description:				
Rev – CIF canceled	150,000	0	150,000	100.0
Description:				
Rev – Pub. Def. fees	50,000	0	50,000	100.0
Description:	One time surplus transferred to Current.			
Rev – Off Duty Police fees	150,000	0	150,000	100.0
Description:	One time surplus transferred to Current.			
Rev – Transitional Aid	3,450,000	2,932,500	517,500	15.0
Description:				
Approp. – Workers Comp.	1,700,000	1,900,000	200,000	11.8
Description:				
Approp. – Police S&W	8,582,498	9,209,642	627,144	7.3
Description:				
Approp. – Parking Utility OE	240,000	420,000	180,000	75.0
Description:	New parking meter payment kiosks are off warranty.			

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. (Items included in a Transition Plan submitted by a current recipient need not be repeated here.)

Cost cutting:

It appears most of the low hanging fruit as it relates to cost cutting has been harvested. Considering employee and employee related expenses comprise on average 75% of municipal appropriations prior administrations have reduced the work force to a new low:

Full Time Employees

<u>2011</u>	<u>2012</u>	<u>2013</u>
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234	217	216
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Regarding Labor agreements the recently settled firefighters' contract increased the amount of steps from 8 to 10 and lowered the starting salary from \$39,278 to \$30,450, a reduction of \$8,828. The contract was also settled under the following percentage increases:

2013 – 0%, 2014 – 1.5%, 2015 – 1.5%, 2016 – 2% and 2017 – 3%. This is an average increase of 1.6% over the five year term.

Future contracts with Police and Civilian employees will be negotiated with the objective of reducing long term costs, including lowering starting salaries, increasing steps, increasing the hours worked by reducing vacation and other personal time off, eliminating longevity and eliminating the accrual of sick and comp time. It is important to note that sworn police officers received no cost of living in 2011 and 2012. Their contract expired 12/31/2012.

The Police Department successfully utilizes both Class I and Class II Police Officers to supplement full time sworn officers. A request to hire 1.5 Civilian employees (retired police officers at \$18 per hour) will be forwarded to the division shortly. These new hires will allow reassignment of two sworn officers who are currently assigned to the record and evidence rooms. This initiative has been discussed with the County Prosecutor and he heartily endorses this efficient method of returning two Police Officers to the street.

Enhanced Revenue Plans:

The City's Sewer Utility is barely self liquidating. To be proposed will be a comprehensive rate study. Once approved by ordinance future rates will driven by formula thereby eliminating the need for City Council action on every rate increase.

Uniform Construction Fees will be increased to the maximum allowed.

The City has recently advertised an RFP for a parking consultant to prepare a comprehensive parking study of the entire City. Resident permit parking, presently \$25 annually, will most likely increase substantially. The Parking utility is projected to return \$1M to the Current Fund in 2014.

The City is also planning to accept credit cards. This initiative will increase the collection of municipal court revenue which is often left as uncollected time payments. Credit cards will be accepted for all City fees and promote a business friendly environment.

The City has bonded \$350,000 for improvements to its CCTV system. At the present time the Asbury Park Housing Authority and the Board of Education are also improving their CCTV systems. To be certain the City makes a prudent expenditure the County Sheriff has been asked to provide the City with regional grant funds to hire a CCTV consultant. The consultant will review the recent actions taken by the Housing Authority, BOE and the Sheriff's Department and will recommend action for Asbury Park and the bordering Township of Neptune.

The City's master developer, ISTAR, has rapidly acquired additional properties within the Waterfront Redevelopment District recently acquiring the Esperanza, a failed mixed-use high rise. ISTAR reportedly purchased the property for \$4M. The Esperanza has long been an eyesore in the Waterfront Redevelopment District. ISTAR's 28 townhouse development "Vive" has sold in record time with an average sales price of \$488,000. Additionally, ISTAR's sub-developer, K. Hovnanian appeared before the City's Technical Review Committee to present a housing development consisting of 28 residential condominium units.

The City will also look to implement energy aggregation for residential property owners.

V-D. Discussion of Health Benefits

Skip this section if using the State Health Benefits Program (SHBP). If not using SHBP, explain why the health benefit plan being used is cheaper or other reasons that may exist for failing to move into SHBP.

The City is enrolled in the SHBP.

VI. Historical Fiscal Statistics

Item	2012	2013	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 3.183	\$ 3.385	\$ 1.259
Municipal Purposes tax levy	\$ 13,073,331	\$ 14,078,088	\$ 14,574,633
Municipal Open Space tax levy	\$ 0	\$ 0	\$ 0
Total general appropriations	\$ 48,730,638	\$ 41,372,556	\$ 39,242,860
2. Cash Status Information			
% Of current taxes collected	99.36 %	98.91%	%
% Used in computation of reserve	99.50 %	99.25%	99.25%
Reserve for uncollected taxes	\$ 121,498	\$ 187,718	\$ 190,499
Total year end cash surplus	\$ 33,334	\$ 546,719	
Total non-cash surplus	\$ 1,127,905	\$ 1,648,009	
Year end deferred charges	\$ 8,034,811	\$ 539,054	
3. Assessment Data			
Assessed value (as of 7/1)	\$ 429,608,479	\$ 415,952,515	\$ 1,190,088,100
Average Residential Assessment	\$ 79,355	\$ 83,884	\$ 215,102
Number of tax appeals granted			
Amount budgeted for tax appeals	\$	\$0	\$0
Refunding bonds for tax appeals	\$	\$0	\$0
4. Full time Staffing Levels			
Uniformed Police - Staff Number	85	89	89
Total S&W Expenditures	\$ 7,846,201	\$ 7,707,323	\$ 8,009,207
Uniformed Fire - Staff Number	48	48	50
Total S&W Expenditures	\$ 4,007,563	\$ 4,007,502	\$ 4,257,283
All Other Employees - Staff Number	83	81	81
Total S&W Expenditures	\$ 5,047,199	\$ 4,917,721	\$ 4,592,307
5. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			\$ 1,190,088,100
Introduced Tax Levy			\$ 14,574,633
Proposed Municipal Tax Rate	\$ 1.259	Average Res. Value (#3 above)	\$ 215,102
Current Year Taxes on Average Residential Value (#3 above)			\$ 2,708
Prior Year Taxes on Average Residential Value			\$ 2,839
Proposed Increase in Average Residential Taxes			\$ *(131)

* Residential taxes have increased by 4.9%, compounded annually, for the last ten years. Although the municipal levy has increased to the maximum allowed residential taxes are showing a decrease because of the City's revaluation.

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment 2014

B. Proposed Budget – Appropriation Cap Information

Item	Yes	No
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	X	
3.5 %		
2. Amount of appropriation cap bank available going into this year \$ 339,313		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$ 1,845,937		
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:		X
\$		

C. List the five largest item appropriation increases:

Appropriation	\$ Prior Year Actual	\$ Application Year Proposed	\$ Amount of Increase
Police S & W	8,852,498	9,209,642	627,144
Workers Compensation	1,700,000	1,900,000	200,000
Parking Utility OE	240,000	420,000	180,000
Fire S & W	4,443,360	4,590,339	146,979
Sewer S & W	515,000	640,000	125,000

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

Department/Agency	Position	Number	Dollar Amount
Police	Police Officers (Grant expired)	5	
Fire	Firefighters (Grant expired)	4	

D. 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	\$ 15,108,886	\$ 7,750,000	\$ 2,200,000	\$ 18,668,172	\$ 19,300,000
Second year	\$ 15,611,063	\$ 8,300,000	\$ 1,450,000	\$ 19,041,536	\$ 19,500,000
Third year	\$ 15,919,285	\$ 8,850,000	\$ 700,000	\$ 19,422,366	\$ 19,700,000

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 not, be prepared to discuss why not in your application meeting.		

B. Risk Management: Indicate ("x") how each type of risk is insured.

Coverage	JIF/HIF	Self	Commercial
General liability	x		
Vehicle/Fleet liability	x		
Workers Compensation	x		
Property Coverage	x		
Public Official Liability	x		
Employment Practices Liability	x		
Environmental	x		
Health	SHBP		
	x		

C. 1) Salary and Employee Contract Information (when more than one bargaining unit for each category, use average):

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	2010	2014	2012	NA
Average percentage increase	2.5 %	1.5 %	1.5 %	NA %
Last contract settlement date		12/31/13		
Contract expiration date	12/31/12	12/31/17	12/31/12	

2) Explain, if any, actions taken or under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)				
No actions planned.				
Wage Freezes (describe below)				
No actions planned.				
Layoffs (describe below)				
No actions planned.				

D. Tax Enforcement Practices:

Question	Yes	No
1. Did the municipality complete its accelerated tax sale by December 31, if included in 2013 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:	Five + yrs ago	
3. On what dates were tax delinquency notices sent out in 2013: Date:	Quarterly	
4. Date of last tax sale: Date:	12-18-13	

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:

2012	\$ 15,720	2013	\$ 14,864	Anticipated Application Year:	\$ 14,000
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2. List the instruments in which idle funds are invested:

Various sweep accounts.	

3. What was the average return on investments during CY 2013?

.20%

4. Left Blank Intentionally

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

David A. Kaplan, DAK CPA

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

2007

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
Fire	12-31-17	
Police	12-31-12	Police will begin second quarter 2014.
Non – Supervisors (B & W)	12-31-12	Non-Super. will begin simultaneous with police.
Supervisors (AFSCME)	12-31-12	Supervisors will begin after everyone else.

**IX-A. List all actions limiting Salary and Wage costs: i.e., layoffs, furloughs, freezes, contract concessions, etc.
(See item C-3 in Local Finance Notice for details)**

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
See section V-C Cost Cutting			

IX-B. List any actions limiting or reducing Other Expense costs: i.e., 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
			The City will endeavor to solicit and accept on-line bidding. Often bids are solicited to a small universe. Better pricing will be realized as the City expands that universe.
			Eliminate the practice of take home cars.

IX-C. Evaluate existing local revenues as to whether or not the rates or collections can be increased or imposed, and if so, how changes will be implemented.

Local Revenues and services provided through the General/Current Fund	Check if services is provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the amount of subsidy?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate subsidy.
Recreation programs	<input checked="" type="checkbox"/>	yes		
Sewer Fees	<input checked="" type="checkbox"/>	yes		
Water Fees	NA			
Swimming Pool	NA			
Uniform Construction Code	<input checked="" type="checkbox"/>	yes		
Uniform Fire Code	<input checked="" type="checkbox"/>	yes		
Land Use Fees	NA			
Parking Fees	<input checked="" type="checkbox"/>	yes		
Beach Fees	<input checked="" type="checkbox"/>	yes		
Insert other local fees below:				
Special Event Fees	<input checked="" type="checkbox"/>	yes		

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 program, private (commercial), or non-profit organization.

Service	Name of Contracted Entity	Estimated Amount of Contract	Year Last Negotiated (as applicable)
911 Dispatch	County of Monmouth Sheriff's Department	\$ 400,000	
Vehicle Repairs	County of Monmouth		
Gasoline	County of Monmouth		
Road Salt	County of Monmouth		
Asbury Park Fire Department	Provides and bills for EMS		
Asbury Park Fire Department	Provides more mutual aid then receives		
Asbury Park Fire Department	Exploring providing fee for service to neighboring towns.		

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 municipality is committing to the cuts outlined below if they do not receive aid.**

Rank Order	Department	# of Layoffs	Effective Date	2013 Full Time Staffing	2014 Full Time Staffing	\$ Amount to be Saved
1	Various Departments	5	7-01-14	15	15	135,000
2	Police	44	7-01-14	85	85	2,000,000
3	Fire	18	7-01-14	48	48	797,500

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

Rank Order	Service	Cost Savings	Impact on Services
1	Various	270,000	The City would be inattentive and business unfriendly.
1	Police		With the highest crime index in the County this would be imprudent. Years of economic gains would be lost.
3	Fire		As the only paid Department in the County the Fire Department provides more mutual aid then the City receives.

XII. Agreement to Improve Municipal Financial Position

If aid is granted, the municipality will be required to submit to certain reporting conditions and oversight as authorized by law and a new Memorandum of Understanding to be signed by the municipality. Please mark each box below indicating that the applicant understands, and agrees to comply with these broad reporting and oversight provisions.

	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations.	x	
2. Implement actions directed by the Director to address the findings of Division staff.	x	
3. Enter into a new Memorandum of Understanding and comply with all its provisions, without exception.	x	

XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality is in substantial compliance with the conditions and requirements of the 2013 MOU and is moving in good faith to correct those area of noncompliance that have been identified, including, but not limited to, the following: establishment of a pay to play ordinance; termination of longevity pay for officers and employees not contractually entitled to longevity pay; termination of health benefits for part time officers and employees; receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors.

Mayor: *[Signature]* Date: 3-14-14
 Chief Financial Officer: *[Signature]* Date: 3/13/14
 Chief Administrative Officer: *[Signature]* Date: 3/14/14

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

For Civil Service municipalities, the undersigned, being knowledgeable thereof, hereby certify that the municipality has placed the names of all current civil service employees in NJ "CAMPS".

Human Resources or Personnel Director: *[Signature]* Date: 3/14/14
 Chief Financial Officer: *[Signature]* Date: 3/13/14

XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned 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: *Myra Campbell* Date: 3-14-14

Chief Financial Officer: *Bob [unclear]* Date: 3/13/14

Chief Administrative Officer: *Joe [unclear]* Date: 3/14/14