

BOROUGH OF PENNS GROVE

(856) 299-0098
(856) 299-3411 Fax

1 State Street
P.O. Box 527
Penns Grove, NJ 08069

March 14, 2014

Thomas Neff
Director, Division of Local Government Services
New Jersey Department of Community Affairs
101 South Broad Street
PO Box 800
Trenton, NJ 08625-0800

Re: Increase in Transitional Aid

Dear Mr. Neff:

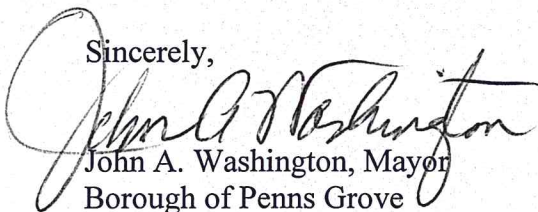
As the Mayor of the Borough of Penns Grove I am respectfully seeking an increase in Transitional Aid. The reasons for this request are due to factors that are not controlled by the governing body. Such as, Verizon vs. Hopewell Township litigation, which granted the removal of the New Jersey Bell Assessment of \$ 1,728,950.00 and Seaboard Landing, owners of the RiverWalk, who failed to pay the 2013 Taxes in the amount of \$ 123,459.40 and filed an appeal against the Borough of Penns Grove. Due to the amount of tax exempt properties and the limited amount of ratables located in the Borough of Penns Grove, the Municipality does not have the tax or revenue base to offset such a loss.

Through out the years, the Governing Body has reduced staff and reclassified certain positions to part-time to help facilitate a more efficient government, and reduce costs for the Borough's taxpayer.

As you are aware, Penns Grove has Shared Services with Carneys Point Township for Tax Collection and Public Works, which has benefited both communities. In addition, the Governing Body is waiting for Budget figures from the Salem County Under Sheriff's office as it relates to County Wide Dispatching.

Your consideration of this request is appreciated.

Sincerely,


John A. Washington, Mayor
Borough of Penns Grove

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:		Borough of Penns Grove		County:	Salem
Contact Person:		Stephen F. Labb		Title:	Chief Financial Officer
Phone:	(856) 299-0098 Ext 107	Fax:	(856) 299-0975	E-mail:	slabb@pennsgrove-nj.org

I. Aid History

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

CY 2013	CY 2012	CY 2011
\$ 600,000.00	\$ 563,607.00	\$ 750,000.00

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:	\$ 900,000.00
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If not seeking a decrease, a letter from the Mayor is required. See Local Finance Notice 2014-2.

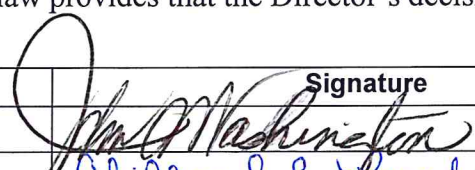
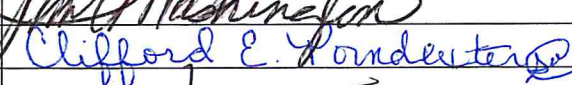
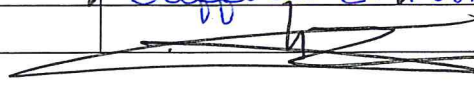
III. Submission Requirements

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	2/10/14
2012 Annual Audit	8/01/13
2012 Corrective Action Plan	2/06/14
Application Year Introduced Budget	3/14/14
Budget Documentation Submitted to Governing Body	3/12/14

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		3/13/14
Governing Body Presiding Officer		3/13/14
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 following factors, which exist in the Borough of Penns Grove help justify the need of awarding Transitional Aid in 2014, these are continuing conditions as mentioned in prior applications which are updated. Mayor and Council are still hopeful that a developer will see the potential of the River Walk Project Council continues to take steps in reducing costs without major impact to services.

1. Social Economic factor as stated in Census.
2. Verizon vs. Hopewell Township that resulted in the removal of the assessment for New Jersey Bell Telephone.
3. Seaboard Landing vs. Penns Grove Tax Appeals.
4. The effect of high percentage of properties that are non-ratables on the size of a Municipality that is less than one square mile.
5. The effect of subsidized public housing on the Borough's tax base.

FACTOR 1:

It is difficult to offset revenue decreases or budget increases in the Borough of Penns Grove. The Borough of Penns Grove is less than one square mile in total area. Based on the Demographics and Social Economic Characteristics of the 2010 Census, Per capita income of the past 12 months is \$ 16,523.00 versus the State average of \$ 35,928.00; Medium household income is \$ 25,615.00 versus the State average of \$ 71,637.00. Persons below Poverty are 28% of the population versus the State average of 9.9 %. Current Unemployment rate is 8.8 %, estimated Job Growth is -6.26%, Home Appreciation is -2.87% as the data suggest, the Borough of Penns Grove qualifies as distressed. The only viable land for development is the Riverfront. Mayor and Council are hoping to attract the "right developer", for the Riverfront. Even though there have been many setbacks with prior Developers the goal is to move forward. There is an ongoing effort for the Municipality to be self sufficient, but currently we need the State's support in order to achieve this goal. **The Municipality will not be able to sustain a 37 cent increase in Local Purpose Tax, if additional aid is not received.**

FACTOR 2:

The decision in the Superior Court of New Jersey Tax Court in the matter of Verizon vs. Hopewell Township, which resulted in the removal of the assessment for New Jersey Bell Telephone. The amount of assessment removed is \$ **1,728,950.00**. The change took place after the first and second quarters of 2013 were billed and collected. The Borough of Penns Grove has been advised by the Division of Taxation to refund the amount of \$ **30,000.08** which was collected in the first and second quarter of 2013. This amount is raised in the 2014 budget. (See attached **Appendix E**)

FACTOR 3:

In the case of Seaboard Landing vs. Penn Grove tax appeals, taxes were not paid for 2013 in the amount of \$ 123,459.40. This caused the Borough of Penns Grove's Tax Collection Rate to drop, which in turn affects surplus and amount to be raised in the 2014 Budget. (See attached **Appendix A** for information concerning the tax appeals).

FACTOR 4:

The Borough also suffers from a high percentage of properties, which are non-ratables. It is estimated that 34% of the total value of land and improvement (property) within the Borough of Penns Grove are non-taxable. Here again is a list of those properties:

a. Government Institutions:

1. The Penns Grove – Carneys Point School District Office.
2. The Penns Grove – Carneys Point Middle School.
3. The Penns Grove – Carneys Point Carleton School.
4. The Salem County Social Services main office.
5. The Borough Hall.
6. The Ambulance and Fire Department buildings.
7. The Public Works Department building.

b. Non-profit Organizations and Clubs:

1. The Washington Club.
2. The Citizens' League.
3. Two separate Elk Lodge facilities.
4. The American Legion.
5. The Puerto Rican Action Committee.
6. Howard Avenue Mental Health Facility Halfway House.

The Penns Grove – Carneys Point Historical Society Headquarters. This is the most recent non-profit organization, which acquired a former ratable and transferred it into a non-ratable. The property was formally a commercial bank, which unfortunately closed. Although the Borough of Penns Grove supports the efforts of the Historical Society, it is hard to accept the fact that the acquisition of this building by a tax exempt organization is in a key commercial section of our town. The loss of such a well maintained structure eliminates the Borough's opportunity to secure a commercial ratable.

*Formed in 2003.

c. Churches:

The Borough of Penns Grove presently has eleven (11) active churches within its' boundaries as well as a large community center, all of which are exempt from taxes. The Borough surely does not object to having these religious institutions within its' boundaries, but includes them to give a clear picture of just how severe the non-ratable situation is for the Borough.

In summary, when considering the size of the Borough of Penns Grove, and the number of non-ratable properties, there is a tremendous burden placed on the tax payers. Not only does the Borough have these exempt facilities within its' boundaries, but in many cases, provides additional services and support without any financial contribution.

FACTOR 5:

Penns Grove continues to host an excessive number of subsidized housing units. Although being less than one square mile, has within its' boundaries, five subsidized low-income housing facilities. These facilities are Penn Village Apartments, Silver Run Apartments, Mallard Park Apartments, the Penn Towers Senior Citizens Complex and Penns Grove Gardens. These facilities have a total of 448 units. The owners of these facilities are all receiving funding from the federal government, none of which are passed on to the Borough of Penns Grove. These facilities continue to place a financial strain on the Borough's limited resources.

Example 1: The Penns Grove Housing Authority, which includes the Silver Run Apartments and the Penn Towers Senior Citizens facility, are assessed at **\$9,803,300.00**. The Authority made a payment in Lieu of Tax in the amount of **\$ 29,791.00** in 2013. Both facilities have a combined total of 190 units, which represents a breakdown of **\$ 156.79** per unit.

Example 2: Penn Village Apartments, which has an assessed value of \$7,297,000.00, provides a payment in lieu of taxes to the Borough in the amount of \$42,500.00 per year. This payment does not in any way reflect the amount of attention that this facility receives by way of police calls, municipal court and other services.

Example 3: Mallard Park Apartments is a subsidized housing facility, with assessed value of \$1,165,800.00. The revenue received does not offset the cost associated with this property.

Subsidized Housing grossly underpays its' fair share of property taxes. In 2013, a Penns Grove homeowner with an average assessment of **\$110,900.00** paid **\$1,677.72** in local property taxes. Compare this with one of the subsidized housing complexes in the Borough of Penns Grove. The Penns Grove Housing Authority, who made a **\$ 9,586.00** payment to the Municipality despite the fact that they have over 190 apartment units in the Borough of Penns Grove. As has been stated previously, the complexes place a much greater demand on the services provided by the Borough, particularly the Police Department. The average per unit payment for an apartment unit in one of the subsidized housing complexes is shown below:

Penns Grove Housing Authority – Payment in Lieu, \$ 156.79 per unit.

The Penn Village Apartments –Payment in Lieu, \$354.17 per unit.

Mallard Park –\$ 684.18 in taxes per unit.

The Social Economic factors, which result from this place a burden on the budget. We have a police budget for 2014 in the amount of \$1,557,309.00. By including the cost Health Insurance in the amount of \$ 796,851.94, which includes \$ 394,160.93 in payment for retiree's and officers retired on disability. The grand total for the Police Department is \$2,354,160.94. This amount represents over 38.42 % of the entire budget for the Borough of Penns Grove.

This is a constant situation and is the reason for mentioning it in every Aid Application until the RiverWalk Project or shared police services are completed, which will help off-set subsidized housing.

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
	\$ 600,000.00	\$ 450,000.00	\$ 150,000.00
Description:	Decrease in Transitional Aid		
	\$ 135,000.00	.00	\$ 135,000.00
Description:	Surplus Anticipated		
	\$ 533,871.64	\$ 718,668.23	\$ 184,791.59
Description:	Reserve for Uncollected Taxes		
	\$ 67,000.00	\$ 112,700.00	\$ 45,700.00
Description:	Debt Service Payment		
	\$.00	\$ 30,000.08	\$ 30,000.08
Description:	Tax Appeal-Verizon		
Description:			
Description:			

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.)

Concerning possible shared services for dispatching, the Under Sheriff of Salem County is waiting for Budget information from its' CFO regarding this Agreement. Until this budget information is received, the Governing Body cannot move forward.

Municipal Court debt collection services will be implemented by Professional Accounts Management, LLC, starting in 2014.

Currently Carneys Point Township is not interested in a Shared Service Agreement with Penns Grove concerning police services. Carneys' Point Township Committee recently appointed a new Police Chief from within its ranks to fill the vacant position.

On March 10, 2014, a joint meeting was held between the Planning Board, Mayor and Borough Council and potential developers. The potential developers suggested first developing other properties within the Borough in order to attract the public which would make the river front a more viable project. Officials are aware that the Municipalities goal of becoming self sufficient hinges on the only major area that can generate ratables, jobs and an infusion of economic growth as the Riverfront is the corner stone for economic development in Penns Grove.

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.

1. Identify the company that is the broker of record for health insurance and how long have they served as broker of record?

Conner Strong & Buckelew Companies, Inc. are the broker of record for health insurance. The company has served as broker of record for over 20 years.

2. How much in commissions or fees does the broker of record receive from: (a) the municipality \$ N/A; and (b) the insurance company providing health benefits 3.69% for Medical and 3.46% for RX.
3. As an attachment, have the broker list the provided coverage, and the categories and number of employees in each program. Create a side by side comparison with the State Health Benefits Plan and outline costs. **(see Appendix B)**
4. Provide a clear and concise explanation as to why the State Health Benefits Plan is not being used and discuss the relative costs of insurance used and the State Health Benefits Plan. (It is advisable for you to share this question with your broker of record and have them fill it out.)

Comparing the State cost to the proposed Horizon cost and factoring in Medicare costs as the State requires Parts A & B of Medicare, the Borough of Penns Grove is saving an estimated \$ **65,630.26.00** by not converting over to the State Plan for time period of 3/01/14-2/28/15.

Second, from a provider disruption basis, only 66% of current providers being used by Borough employees participate with the State plan. Our experience is 85% participation deemed acceptable to avoid arbitration issues.

Third, the Borough of Penns Grove has Traditional and PPO plans that are greater in benefit as compared to the State plan, therefore, “equal to or better than” provisions of collective bargaining would be a contractual issue.

VI. Historical Fiscal Statistics

Item	2012	2013	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 1.453	\$ 1.512	\$ 1.883
Municipal Purposes tax levy	\$ 2,604,210.46	\$ 2,684,619.64	\$ 3,306,682.31
Municipal Open Space tax levy	\$.00	\$.00	\$.00
Total general appropriations	\$ 6,016,608.51	\$ 5,829,823.13	\$ 6,118,464.74
2. Cash Status Information			
% Of current taxes collected	90.07 %	87.82 %	%
% Used in computation of reserve	90.86 %	91.86 %	90 %
Reserve for uncollected taxes	\$ 587,995.44	\$ 533,871.64	\$ 718,668.23
Total year end cash surplus	\$ 139,449.85	\$ 47,311.93	
Total non-cash surplus	\$.00	\$.00	
Year end deferred charges	\$ 42,00.00	\$.00	
3. Assessment Data			
Assessed value (as of 7/1)	\$ 179,199,850	\$ 177,457,600	\$ 175,602,000
Average Residential Assessment	\$ 111,239	\$ 110,686	\$ 109,997
Number of tax appeals granted	7	17	
Amount budgeted for tax appeals	\$.00	\$.00	\$ 30,000.08
Refunding bonds for tax appeals	\$.00	\$.00	\$.00
4. Full time Staffing Levels			
Uniformed Police - Staff Number	14 FT Police, 4 FT Dispatchers, 2 PT Dispt. 1 PT Clerk, 2 Crossing Guards	14 FT Police, 1 PT Police 4 FT Dispatchers, 1 PT Dispt. 1 PT Clerk, 2 Crossing Guards	14 FT Police, 4 FT Dispatchers, 1 PT Dispt. 1 PT Clerk, 2 Crossing Guards
Total S&W Expenditures	\$ 1,458,420.45	\$ 1,500,329.62	\$ 1,479,309.00
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$	\$	\$
All Other Employees - Staff Number	48	48	47
Total S&W Expenditures	\$ 386,797.39	\$ 381,531.68	\$ 411,494.00
5. Impact of Proposed Tax Levy			

			Amount
Current Year Taxable Value			\$ 175,602,000
Introduced Tax Levy			\$ 3,306,682.31
Proposed Municipal Tax Rate	\$ 1.883	Average Res. Value (#4 above)	\$ 109,997
Current Year Taxes on Average Residential Value (#4 above)			\$ 2,071.30
Prior Year Taxes on Average Residential Value			\$ 1,608.49
Proposed Increase in average residential taxes			\$ 462.82

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

2009

B. Proposed Budget – Appropriation 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 appropriation cap?
If YES, amount:

	Yes	No
	X	
3.50%		
\$ 510,049.03		
		X
\$ 659,602.19		
		X
\$		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Reserve for Uncollected Taxes	\$ 533,871.64	\$ 718,668.23	\$ 184,791.59
Debt Service payment	\$ 67,000.00	\$ 112,700.00	\$ 45,700.00
Tax Appeal-Verizon	\$ 0	\$ 30,000.08	\$ 30,000.08
Inter-Local Service Agreement for Public Works	\$ 531,825.00	\$ 549,588.00	\$ 17,763.00
Capital Improvement Fund	\$ 0	\$ 10,000.00	\$ 10,000.00

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

Department/Agency	Position	Number	Dollar Amount
	N/A		

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	*	*	*	*	*

*** As stated in prior applications, significant reductions in Aid cannot be realized until Police Services Consolidation or River Front Development is achieved.**

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.* See Appendix D		

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	2013	N/A	Dispatcher 2012	2009 Non Contract 2011 Statutory
Average percentage increase	2 %	%	2 %	2 %
Last contract settlement date	2011		2010	
Contract expiration date	2013		2013	

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

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)				
Governing Body will revisit Furloughs depending on the amount of Transitional Aid Received.				
Wage Freezes (describe below)				
Currently wage freezes are in effect for non-contracted employees.				
Layoffs (describe below)				
Staffing is at a minimum due to prior layoffs and restructuring certain employees to part-time positions. Governing Body will revisit				

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:	See Appendix C	
3. On what dates were tax delinquency notices sent out in 2013: Date:	2/14,5/17,9/6,11/19,12/17	
4. Date of last tax sale: Date:	7/1, 12/17	

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	\$ 2,263.11	2013	\$ 1,209.94	Anticipated Application Year:	\$ 1,000.00
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2. List the instruments in which idle funds are invested:

Various Operating & Trust Funds Checking Accounts	

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

.15 %

4. Left Blank Intentionally

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

Bowman and Company

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

2006

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
Police Association	2013	In negotiations
Dispatchers	2013	In negotiations
Police Chief	2010	In negotiations, working without a signed contract
Lieutenant	2012	In negotiations

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	X	No		Due to Social Economical Conditions, Council believes that providing programs will curb mischief and help promote the good aspects of the community.
Sewer Fees	<input type="checkbox"/>			
Water Fees	<input type="checkbox"/>			
Swimming Pool	<input type="checkbox"/>			
Uniform Construction Code	X	Fees were increased on 9/2/2012		Construction Code fees for various permits and applications were increase to the maximum sum.
Uniform Fire Code	<input type="checkbox"/>			
Land Use Fees	X	Yes		Fees were last updated in 2008 to help defray costs.
Parking Fees	<input type="checkbox"/>			
Beach Fees	<input type="checkbox"/>			
Insert other local fees below:	X			
Land Lord license Fee (Other Construction Code Functions)		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)
Inter Local Service Agreement for Revenue Administration	Carneys Point Township	53,167.04	2013
Inter Local Service Agreement for Public Work Functions including Trash Collection, disposal, Storm Water Management, Recycling and Public Works Functions	Carneys Point Township	534,587.49	2012
Senior Transportation	Salem County Office on Aging (Grant Funding)		2014

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	2011 Full Time Staffing	2012 Full Time Staffing	\$ Amount to be Saved
1	Police Department, even though the Department is under staffed, the number of cuts will depend on the Aid Award. The Police Budget accounts for 38.42 % of the Municipal Budget					
2	General Government, General Government personnel have been cut in prior year budgets through layoffs and making other positions part-time. The Governing Body will look into additional cuts depending on the Aid Award. Currently staffing is at a minimum					

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

Rank Order	Service	Cost Savings	Impact on Services
1	Police Services		Depending on the Aid Award half of the department would have to be terminated. This would have a disastrous effect on Police Services.
2	General Government		The Borough is at minimum staffing, additional cuts will affect the productivity of office affected.

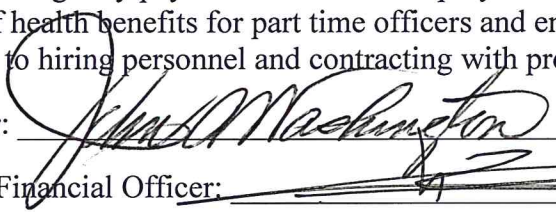

XII. Agreement to Improve Municipal Financial Position

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:  Date: 3/13/14
 Chief Financial Officer:  Date: 3/13/14
 Chief Administrative Officer: _____ Date: _____

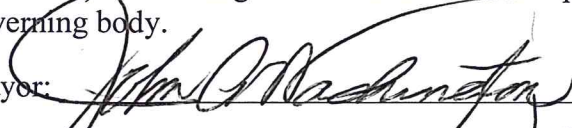

XIV. CAMPS Certification (County and Municipal Personnel System - Civil Service municipalities only)

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

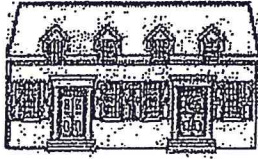
Human Resources or Personnel Director: _____ Date: _____
 Chief Financial Officer: _____ Date: _____

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:  Date: 3/13/14
Chief Financial Officer:  Date: 3/13/14
Chief Administrative Officer: _____ Date: _____

APPENDIX A



Puma, Telsey & Rhea P.A.

Attorneys at Law

David J. Puma
Adam I. Telsey
Andrea Rhea

107 West Broadway

Salem, NJ 08079

856.935.2244

Kristin J. Telsey*

Telecopier 856.935.1121

*Also admitted in PA

January 27, 2014

M. James Maley, Jr., Esq.

Maley & Associates

Via email

RE: Seaboard Landing v Penns Grove tax appeals

Dear Mr. Maley:

In regard to the Seaboard Landing tax appeals, a recommendation for settlement is being outlined below. Please understand that this has not yet been presented to the Borough Council and is subject to their approval. I am outlining the recommendation without prejudice, based upon my review and consultation with our expert and assessor and in consideration of the procedural issues that face the taxpayer. I am aware that you were anxious to hear of the Borough's position in regard to settlement and I am simply reaching out with our thoughts on the matter to determine if we are able to settle before we authorize the reports to be prepared. I note that your expert, Craig Black, who I understand is now an assessor, has only provided one year's appraisal report. I don't know if his status as an assessor would even permit his further involvement. Nevertheless, we have reviewed the report and notwithstanding its limited time frame covered, I would also add that there is a likelihood that the Court could find the specialty nature of this property is fairly difficult to value using the properties used by Mr. Black given the recent Atlantic City Electric decision.

The subject property sold for approximately \$7.5 million in 2007. Accordingly, the appeals for 2007, 2008, and 2009 should be dismissed as the subject sale far exceeds the assessment on the property and it is our position that the sale is a fair indicator of the market at that time. The appeal for 2010 was

never filed at the Tax Court level and accordingly, we cannot propose any changes. The assessment would be reduced to \$2.2 million for 2011 and 2012 which roughly produces a reduction in the taxes by about \$200,000. It is the Township's preference that this be given by way of credit, not refund; however, that is assuming that Seaboard redeems the tax liens paid by the outside lienholder. There would be no interest to be paid by the Borough on account of the taxpayer's failure to pay taxes when they were due.

As you are aware, the County Tax Board dismissed the 2013 appeals at the Tax Board for non-payment of taxes. The Township now holds a tax lien for the 4th quarter 2012 and 2013 unpaid taxes on Block 57/Lot 1. The lien is approximately \$156,900. Accordingly, no offer for any further reduction in 2013 can be contemplated and the non-payment of taxes serves as a basis for dismissal at the Tax Court level. If and until that lien is satisfied and taxes brought current, I would suggest that the same problem exists for any 2014 tax appeal filing.

The above seems to be an appropriate resolution of the pending appeals. Please advise whether you think your client would be inclined to settle based on the above. If so, we will present to the Borough for approval. Otherwise, given the ongoing nature of this matter, we will proceed with the preparation of the reports and motions as appropriate.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrea Rhea', with a long, sweeping flourish extending to the right.

Andrea Rhea

AR/

Cc: Marie Procacci, Assessor

Borough for Penns Grove
 Tax Appeal Information
 Bolck 57 Lot 1

Year	Assessment	Tax Rate	Taxes Billed		
2007*	1,250,000	5.716		Filed for dismissal	Did not find an
2008*	1,250,000	6.190	77,375.00	Filed for dismissal	
2009	3,363,100	3.218	108,224.56	Filed for dismissal	
2010	3,363,100	3.363	113,101.05	No appeal filed	
2011	3,363,100	3.515	118,212.97		
2012	3,363,100	3.586	120,600.77		
2013	3,363,100	3.671	123,459.40	Borough held lien, no appeal filed	

Year	Assessment	Tax Rate	Adjusted taxes	Taxes Billed	Difference
2011	1,600,000	3.515	56,240.00	118,212.97	61,972.97
2012	1,600,000	3.586	57,376.00	120,600.77	63,224.77
			<u>113,616.00</u>	<u>238,813.73</u>	<u>125,197.73</u>

Year	Assessment	Tax Rate	Adjusted taxes	Taxes Billed	Difference
2011	2,200,000	3.515	77,330.00	118,212.97	40,882.97
2012	2,200,000	3.586	78,892.00	120,600.77	41,708.77
			<u>156,222.00</u>	<u>238,813.73</u>	<u>82,591.73</u>

Stephen

From: Adam Telsey [atelsey@pumalaw.com]
Sent: Friday, March 07, 2014 1:01 PM
To: slabb@pennsgrove-nj.org
Subject: Tax Sale Foreclosures

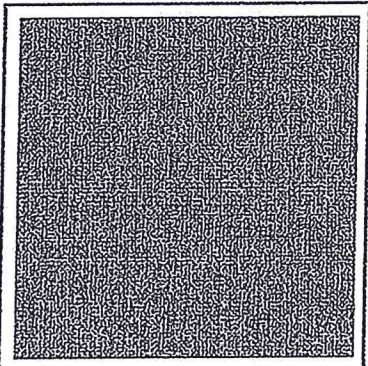
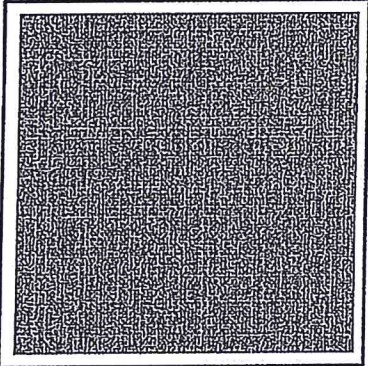
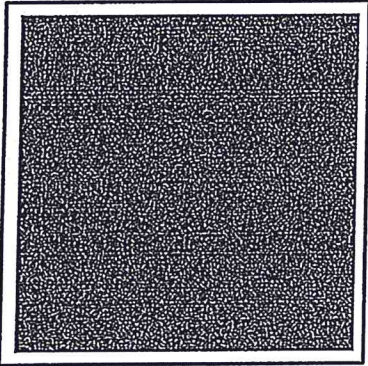
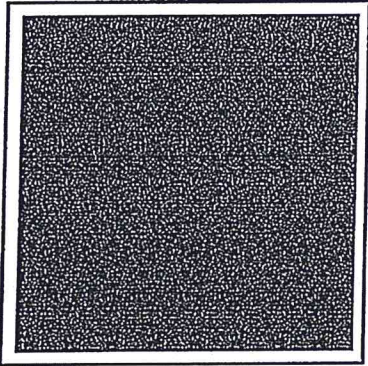
A Steve- Please accept this email as an update regarding the current tax sale foreclosures I am pursuing on behalf on Penns Grove. I am currently in the process of foreclosing on 63 separate parcels and I have broken this down to three separate complaints. The filed complaints were just received in my office earlier this week and have been sent the County Clerk to be recorded. I will now begin the process of attempting to serve all property owners and junior lienholders with a copy of the complaint. This is usually time consuming. I am anticipating final judgment in approximately 8-12 months.

In addition, I am filing a separate foreclosure complaint for the riverfront property Block 57 Lot 1. The Borough owns a tax sale certificate from 2013 for approximately \$150,000. The goal is to have the junior tax sale certificate holder or the mortgagee redeem the Borough's tax sale certificate which would bring in approximately \$150,000 to the Borough. I have just ordered the title work and will hopefully have a complaint filed within 30 days.

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atelsey@pumalaw.com

Schedule of Exhibits

- ❖ 2014 Renewal Summary
- ❖ 2014 Renewal Rates
- ❖ State Rates
- ❖ Attachments



2014 Renewal Summary
Borough of Penns Grove

2014 Renewal Summary

Horizon Renewal 3/01/2014 – 2/28/2015

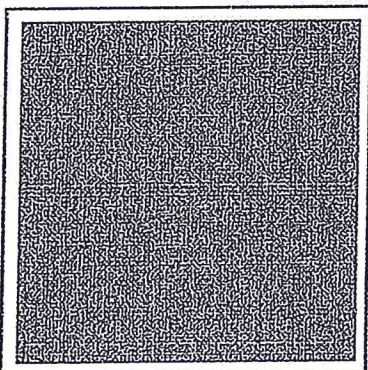
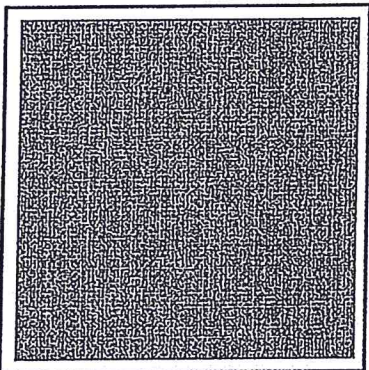
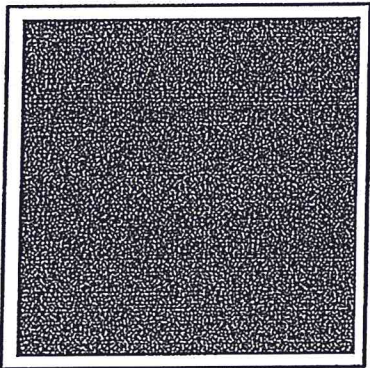
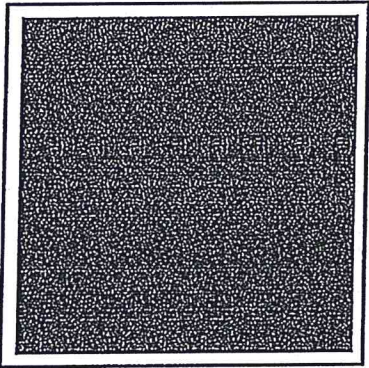
- 2% increase to Current

\$840,585.24

State Plan 3/01/2014 – 2/28/2015

- Horizon rates used for State (Aetna rates higher)
- Rates increased 6.5% for January, February 2015

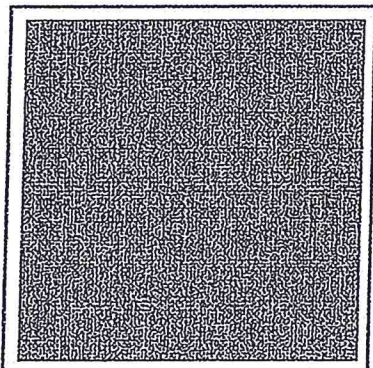
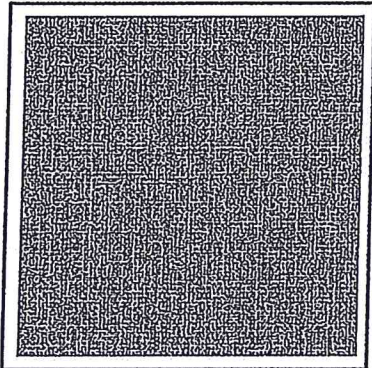
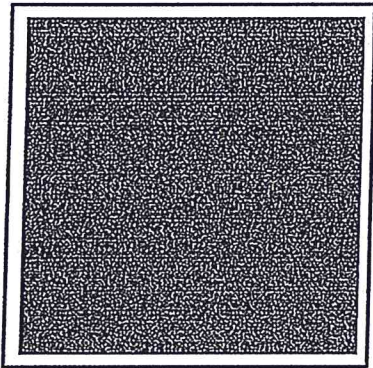
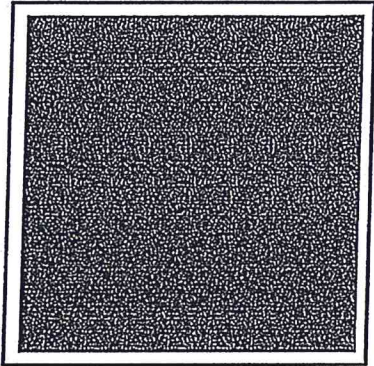
\$906,215.50



2014 Renewal Rates
Borough of Penns Grove

2014 Renewal Rates

Monthly Rates	Horizon 05		Horizon 01		Horizon 04		Horizon 03	
	Current	Renewal	Current	Renewal	Current	Renewal	Current	Renewal
Single	\$840.88	\$987.65	\$878.71	\$898.29	\$680.03	\$693.63	\$955.44	\$974.55
Parent/Child	\$1,295.25	\$1,321.15	\$1,350.53	\$1,377.54	\$1,171.03	\$1,194.45	\$1,478.31	\$1,507.88
Husband/Wife	\$1,822.89	\$1,859.35	\$1,905.52	\$1,943.63	\$1,389.09	\$1,416.88	\$2,058.27	\$2,109.64
Family	\$2,207.41	\$2,251.56	\$2,304.01	\$2,350.09	\$1,866.38	\$1,903.71	\$2,500.99	\$2,551.01
Single - Medicare Eligible	\$567.63	\$578.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Husband/Wife - Medicare Eligible	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,486.55	\$1,516.28
Family - Medicare Eligible	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,194.88	\$2,177.58
No. in Class								
Single	3	3	2	2	3	3	1	1
Parent/Child	1	1	1	1	0	0	1	1
Husband/Wife	3	3	0	0	0	0	3	3
Family	16	16	2	2	0	0	0	0
Single - Medicare Eligible	1	1	0	0	0	0	0	0
Husband/Wife - Medicare Eligible	0	0	0	0	0	0	2	2
Family - Medicare Eligible	0	0	0	0	0	0	1	1
Monthly Premium								
Single	\$2,592.49	\$2,572.95	\$1,757.42	\$1,792.58	\$2,040.09	\$2,080.89	\$955.44	\$974.55
Parent/Child	\$1,285.25	\$1,321.15	\$1,350.53	\$1,377.54	\$0.00	\$0.00	\$1,478.31	\$1,507.88
Husband/Wife	\$5,468.67	\$5,578.05	\$0.00	\$0.00	\$0.00	\$0.00	\$6,204.81	\$6,328.92
Family	\$35,318.56	\$36,024.96	\$4,608.02	\$4,700.18	\$0.00	\$0.00	\$0.00	\$0.00
Single - Medicare Eligible	\$567.63	\$578.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Husband/Wife - Medicare Eligible	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,973.10	\$3,092.56
Family - Medicare Eligible	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,194.88	\$2,177.58
Total Monthly Premium	\$45,112.60	\$46,076.09	\$7,745.97	\$7,870.30	\$2,040.09	\$2,080.89	\$1,937.65	\$1,974.93
Total Annual Premium	\$542,071.20	\$552,913.08	\$92,951.65	\$94,443.60	\$24,481.08	\$24,970.58	\$164,958.16	\$169,257.88
Total CURRENT Annual Premium								
Total RENEWAL Annual Premium								
Total Increase								
% Increase								



State Plan Rates
Borough of Penns Grove

APPENDIX C

Stephen

From: Adam Telsey [atelsey@pumalaw.com]
Sent: Friday, March 07, 2014 1:01 PM
To: slabb@pennsgrove-nj.org
Subject: Tax Sale Foreclosures

Steve- Please accept this email as an update regarding the current tax sale foreclosures I am pursuing on behalf on Penns Grove. I am currently in the process of foreclosing on 63 separate parcels and I have broken this down to three separate complaints. The filed complaints were just received in my office earlier this week and have been sent the County Clerk to be recorded. I will now begin the process of attempting to serve all property owners and junior lienholders with a copy of the complaint. This is usually time consuming. I am anticipating final judgment in approximately 8-12 months.

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APPENDIX - VIII. FINANCIAL PRACTICES

The following are uncorrected prior year's audit findings:

1. **Finding No. 2011-01:** The Borough did not obtain actuarial valuation of its Other Post Employment Benefits (OPEB) required for footnote disclosure. For CY 2010, the Borough provided its employees and retirees, health insurance coverage through Horizon Blue Cross and Blue Shield of New Jersey.

* Summit Benefit Consultants, LLC was hired to complete actuarial valuation of its Other Post Employment Benefits in 2014.

2. **Finding No. 2010-02:** A general fixed asset accounting system was not properly maintained for the year 2010.

* Industrial Appraisal Co. was hired to update fixed assets accounting in 2014.

March 7, 2014
10:51 AM

APPENDIX E

BOROUGH OF PENNS GROVE
Assessed Value Listing

VERIZON VS. HOPEWELL TOWNSHIP

Block/Lot/Qual: 99999. 1.
Property Location: PENNS GROVE BOROUGH

Owner: NEW JERSEY BELL TELEPHONE COMPANY

Year	Land Value	Impr Value	----- Limited Exemptions -----			Net Value	Special Tax Codes
2007	1,912,739	5,400	0	0	0	0	1,032,879 A01
2008	1,912,739	5,400	0	0	0	0	1,032,879 A01
2009	1,742,997	10,000	0	0	0	0	1,742,997 A01
2010	1,789,417	10,000	0	0	0	0	1,789,417 A01
2011	1,728,950	9,869	0	0	0	0	1,706,301 A01
2012	1,728,950	10,000	0	0	0	0	1,728,950 A01
2013	0	10,000	0	0	0	0	0 A01
2014	0	10,000	0	0	0	0	0 A01

ASSESSMENT REMOVAL

March 7, 2014
10:51 AM

BOROUGH OF PENNS GROVE
Tax Account Detail Inquiry

BLQ: 99999. 1. Tax Year: 2012 to 2014
Owner Name: NEW JERSEY BELL TELEPHONE COMPANY Property Location: PENNS GROVE BOROUGH

Tax Year: 2012	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Original Billed:	14,994.12	14,994.12	15,902.22	16,109.69	62,000.15
Adjusted Billed:	0.00	0.00	0.00	0.00	0.00
Balance:	0.00	0.00	0.00	0.00	0.00

Date	Qtr	Type	Code	Check No	Mthd	Reference	Principal	Interest	2012 Prin Balance	Batch Id
01/27/12	1	Payment	001	8068469	CK	3558 10	14,994.12	0.00	47,006.03	029
		Description: NJ Verizon Treasury								
07/23/12	2	Payment	001	8073150	CK	3892 5	14,994.12	580.59	32,011.91	236
		Description: Verizon New Jersey								
07/23/12	3	Payment	001	8073150	CK	3892 6	327.51	0.00	31,684.40	236
		Description: Verizon New Jersey								
07/30/12	3	Payment	001	8073406	CK	3904 7	15,574.71	0.00	16,109.69	247
		Description: VERIZON								
10/25/12	4	Payment	001	8076190	CK	4049 17	16,109.69	0.00	0.00	340

Tax Year: 2013	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Original Billed:	15,500.04	15,500.04	15,500.04-	15,500.04-	0.00
Adjusted Billed:	0.00	0.00	0.00	0.00	0.00
Balance:	0.00	0.00	15,500.04-	15,500.04-	31,000.08-

Date	Qtr	Type	Code	Check No	Mthd	Reference	Principal	Interest	2013 Prin Balance	Batch Id
01/28/13	1	Payment	001	8078967	CK	4199 28	15,500.04	0.00	15,500.04-	021
		Description:								
04/22/13	2	Payment	001	8081322	CK	4364 15	15,500.04	0.00	31,000.08-	114
		Description: Verizon								

Tax Year: 2014	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Original Billed:	0.00	0.00	0.00	0.00	0.00
Adjusted Billed:	0.00	0.00	0.00	0.00	0.00
Balance:	0.00	0.00	0.00	0.00	0.00

Total Principal Balance for Tax Years in Range: 31,000.08-